

United States  
Circuit Court of Appeals

For the Ninth Circuit. 3

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WEST COAST LIFE INSURANCE COMPANY,  
a corporation, PACIFIC NATIONAL BANK  
OF SAN FRANCISCO, a national banking  
association, et al.,

Appellants,

vs.

MERCED IRRIGATION DISTRICT and RE-  
CONSTRUCTION FINANCE CORPORATION,  
Appellees.

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Transcript of Record

In Four Volumes

VOLUME III

Pages 555 to 1003

(Exhibits)

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Upon Appeal from the District Court of the United  
States for the Southern District of California  
Northern Division.

FILED

SEP 18 1939



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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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[Title of District Court and Cause.]

APPENDIX TO CONDENSED STATEMENT  
IN NARRATIVE FORM OF TESTIMONY [466]

PETITIONER'S EXHIBITS

PETITIONER'S EXHIBIT No. 1

Resolution of Reconstruction Finance Corporation awarding loan dated November 14, 1934, set out in Respondents' Exhibit "OO" at page 155.

PETITIONER'S EXHIBIT No. 2

Resolution of Board of Directors of Merced Irrigation District accepting and agreeing to the terms and conditions of the resolution of the Reconstruction Finance Corporation of Nov. 14, 1934, (Exhibit No. 1 *supra*), dated December 11, 1934, set out in Respondent's Exhibit "OO" at page 180.

PETITIONER'S EXHIBIT No. 3

Resolution of the Board of Directors of the Merced Irrigation District adopting a refunding plan dated Febr. 11, 1935, set out in Respondent's Exhibit "OO" at page 183.

PETITIONER'S EXHIBIT No. 4

Amendment of the Reconstruction Finance Corporation to its resolution of Nov. 14, 1934, set out in Respondents' Exhibit "OO" at page 192.

## PETITIONER'S EXHIBIT No. 5

Resolution of Reconstruction Finance Corporation further amending A of paragraph 3, set out in Respondents' Exhibit "OO" at page 193.

## PETITIONER'S EXHIBIT No. 6

Resolution of the Board of Directors of the Merced Irrigation District adopting the amendatory resolution of the Reconstruction Finance Corporation, set out in Respondents' Exhibit "OO" at page 194.

## PETITIONER'S EXHIBIT No. 7

Resolution of the Board of Directors of Merced Irrigation District accepting further amendatory resolution of the Reconstruction Finance Corporation, set out in Respondents' Exhibit "OO" at page 198. [467]

## PETITIONER'S EXHIBIT No. 8

Bond purchase contract dated Sept. 16, 1935, set out in Respondents' Exhibit "OO" at page 202.

## PETITIONER'S EXHIBIT No. 9

Agreement between Merced Irrigation District and the Reconstruction Finance Corporation dated August 14, 1935, set out in Respondents' Exhibit "OO" at page 217. [468]

PETITIONER'S EXHIBIT No. 10

was a letter from the Reconstruction Finance Corporation to the Federal Land Bank, dated September 19, 1935, reading as follows: [469]

Reconstruction Finance Corporation  
Washington

Sept. 19, 1935

Federal Reserve Bank of San Francisco,  
San Francisco, California

Re: Merced Irrigation District  
Docket No. Ref. 58  
Amount Authorized: \$8,600,000

Gentlemen:

This Corporation has authorized a loan of not to exceed \$8,600,000 for the purpose of enabling Merced Irrigation District of Merced, California, to reduce and refinance its outstanding indebtedness.

Under such authorization we now desire to purchase for each dollar of unpaid principal amount of such bonds.

We are forwarding a copy of this letter to Mr. H. P. Sargent, Secretary of the District, who will make arrangements for delivery of the bonds to be purchased. From time to time but not later than September 30, 1935, you will purchase for our account bonds presented on the following terms and conditions:

- (a) At the time of the first disbursement there must be presented for purchase at least

\$13,761,500 aggregate principal amount of bonds. If a lesser amount is presented, or if more than \$16,190,000 aggregate principal amount is presented, you will refuse to make any disbursement and so advise this Corporation. There may be presented registered bonds of the various issues hereinafter mentioned; any such registered bonds so presented shall be re-registered in the name of Reconstruction Finance Corporation prior to their purchase.

- (b) There may be included bonds designated Merced Irrigation District First Issue—First Division, in a principal amount of not to exceed \$3,060,000 which shall correspond as to form and text with the photostatic copy of bond number 266 marked Exhibit “A” attached hereto, except as to serial number, denomination, maturity date and attached interest coupons. Each such bond shall be of the denomination of \$500 or \$1,000, shall be dated January 1, 1922, and shall bear any serial number from 121 to 3281, both inclusive, and a maturity date of the first day of January in any of the years 1934 to 1950, both inclusive. Each bond shall bear interest at the rate of six per centum (6%) per annum payable semi-annually

on the first day of January and the first day of July. [470]

There may also be included bonds designated Merced Irrigation District, First Issue—Second Division, in a principal amount of not to exceed \$1,800,000 which shall correspond as to form and text with photostatic copy of bond number 4800, marked Exhibit “A-1” attached hereto, except as to serial number, maturity date and attached interest coupons. Each such bond shall be of the denomination of \$1,000, shall be dated January 1, 1922, and shall bear any serial number from 3282 to 5081, both inclusive, and a maturity date of the first day of January in any of the years 1951 to 1953, both inclusive. Each such bond shall bear interest at the rate of five and one-half per centum ( $5\frac{1}{2}\%$ ) per annum payable semiannually on the first day of January and the first day of July.

There may also be included bonds designated Merced Irrigation District, First Issue—Third Division, in a principal amount of not to exceed \$1,320,000, which shall correspond as to form and text with photostatic copy of bond number 6012, marked Exhibit “A-2” attached hereto,

except as to serial number, maturity date and attached interest coupons. Each such bond shall be of the denomination of \$1,000, shall be dated January 1, 1922, and shall bear any serial number from 5082 to 6401, both inclusive, and a maturity date of the first day of January in either of the years 1954 or 1955. Each such bond shall bear interest at the rate of five and one-half per centum ( $5\frac{1}{2}\%$ ) per annum payable semiannually on the first day of January and the first day of July.

There may also be included bonds designated Merced Irrigation District, First Issue—Fourth Division, in a principal amount of not to exceed \$5,760,000, which shall correspond as to form and text with photostatic copy of bond number 7817, marked Exhibit "A-3" attached hereto, except as to serial number, maturity date and attached interest coupons. Each such bond shall be of the denomination of \$1,000, shall be dated January 1, 1922, and shall bear any serial number from 6402 to 12161, both inclusive, and a maturity date of the first day of January in any of the years 1956 to 1962, both inclusive. Each such bond shall bear interest at the rate of six per centum (6%) per annum payable semiannually on the first day of January and the first day of July.

There may also be included bonds designated Merced Irrigation District Second Issue, in a principal amount of not to exceed \$3,250,000, which shall correspond as to form and text with the photostatic copy of bond number B-12, marked Exhibit "A-4" attached hereto, except as to serial number, maturity [471] date and attached interest coupons. Each such bonds shall be of the denomination of \$1,000, shall be dated May 1, 1924, and shall bear any serial number from B-1 to B-3250, both inclusive, and a maturity date of the first day of January in any of the years 1937 to 1964, both inclusive. Each such bond shall bear interest at the rate of six per centum (6%) per annum payable semiannually on the first day of January and the first day of July.

There may also be included bonds designated Merced Irrigation District Third Issue, in a principal amount of not to exceed \$1,000,000, which shall correspond as to form and text with the photostatic copy of bond number C-24, marked Exhibit "A-5" attached hereto, except as to serial number, maturity date and attached interest coupons. Each such bond shall be of the denomination of \$1,000, shall be dated April 1, 1926 and shall bear any serial number from C-1 to C-1000, both

inclusive, and a maturity date of the first day of January in either of the years 1965 or 1966. Each such bond shall bear interest at the rate of five and one-half per centum ( $5\frac{1}{2}\%$ ) per annum payable semiannually on the first day of January and the first day of July.

- (c) There shall be delivered to you two counterparts of a certificate or certificates executed in duplicate by the Treasurer of the District stating that the bonds and coupons are the valid outstanding obligations of the District. Each such certificate shall correspond with Exhibit "B" attached hereto, except that in case of any unpaid coupons are missing from the bonds presented the dates thereof and the numbers of the bonds to which they are appurtenant will be inserted in the blank space left for that purpose. No coupons will accompany bonds registered as to principal and interest, and accordingly the Treasurer's certificate will not list coupons missing from such bonds.
- (d) There shall be delivered to you two counterparts of a Memorandum of Sale and Receipt in the form of Exhibit "C" attached hereto, dated the day of the respective disbursement and executed by the

respective depository covering the bonds delivered by it. Such depositories are: Security-First National Bank of Los Angeles, Bank of America National Trust and Savings Association of Los Angeles, Citizens' National Trust and Savings Bank of Los Angeles, Bank of America National Trust and Savings Association of San Francisco, and Anglo-California Trust Company. The Bank of America National Trust and Savings Association will also deliver to you two counterparts of a Memorandum of Sale and Receipt in the form of Exhibit "C-1" attached hereto, covering \$85,000 principal amount of bonds deposited under a special escrow agreement. [472]

There shall also be delivered to you two counterparts of a Memorandum of Sale and Receipt in the form of Exhibit "D" attached hereto, dated the day of the respective disbursement and executed by the County Treasurer of Merced County, California.

There shall also be delivered to you two counterparts of a Memorandum of Sale and Receipt in the form of Exhibit "E" attached hereto, dated the day of the respective disbursement and executed by a

signing officer of Crocker First National Bank of San Francisco, California.

There shall also be delivered to you two counterparts of a Memorandum of Sale and Receipt in the form of Exhibit "F" attached hereto, dated the day of the respective disbursement and executed by a signing officer of the St. Louis Union Trust Company, St. Louis, Missouri. The signature on each of the counterparts shall be certified to by an officer of a bank or trust company which is a member of the Federal Reserve System in your district, or you may accept signatures when certified to by a signing officer of a bank or trust company which is a member of any Federal Reserve district, in which event an officer of a branch bank or the parent bank of such district shall in turn certify to signatures of officers of its member banks.

There shall also be delivered to you two counterparts of a Memorandum of Sale and Receipt in the form of Exhibit "G" attached hereto, dated the day of the respective disbursement and executed by a signing officer of the Capital National Bank of Sacramento, Sacramento California.

There shall also be delivered to you two counterparts of a Memorandum of Sale and Receipt in the form of Exhibit "H" attached hereto, dated the day of the respective disbursement and executed by Mary J. F. Young and D. M. Young.

Each such Memorandum above referred to shall acknowledge receipt of the aggregate amount received by the respective signer on the day of the respective disbursement in payment for the bonds and the appurtenant coupons, and in addition thereto shall acknowledge receipt in full of payment by the District of interest at the rate of four per centum (4%) per annum on the purchase price of such securities, to which the respective holder is entitled.

The signatures on each of the documents (other than the Memorandum of Sale and Receipt delivered by St. Louis Union Trust Company) required by paragraphs (c) and (d) shall be certified to by an officer [473] of a bank or trust company which is a member of the Federal Reserve system in your district.

Upon receipt of the foregoing documents, you will check the genuineness of the bonds presented by comparing the form, text and signatures of each of them with the form, text and signatures of a bond of the same issue as indicated by Exhibits

“A”, “A-1”, “A-2”, “A-3”, “A-4” or “A-5”. You will also check the genuineness of the seal on each bond by comparing the same with the seal of the District impressed upon the certificates attached to such exhibits.

Upon being satisfied that the bonds and accompanying documents delivered to you comply with the foregoing requirements, you will make payment for the bonds which are so delivered by checks drawn on this Corporation's account with the Treasurer of the United States, Symbol 93-300, payable respectively to the order of “Security-First National Bank of Los Angeles, as Depositary”, “Bank of America National Trust and Savings Association of Los Angeles, as Depositary”, “Citizens' National Trust and Savings Bank of Los Angeles, as Depositary”, “Bank of America National Trust and Savings Association of San Francisco, as Depositary”, “Anglo-California Trust Company, as Depositary”, “Crocker First National Bank of San Francisco, California, as Depositary”, “St. Louis Union Trust Company at St. Louis, Missouri, as Depositary”, “Capital National Bank of Sacramento, California, as Depositary”, “County Treasurer of Merced County, California” and “Mary J. F. Young and D. M. Young”. The amounts of such checks shall be computed upon the basis of 51.501 cents for each dollar of unpaid principal amount of bonds presented by the respective payees, less deductions on

account of missing unpaid coupons as hereinafter provided.

No payment shall be made on account of interest coupons accompanying the bonds. If any coupons are missing which fell due on or before July 1, 1934, and it appears from the Treasurer's certificate in the form of Exhibit "B" that said coupons have not been paid, then a deduction at the rate of 44.78 cents for each dollar of the face amount of such missing coupons shall be made from the payment for the respective bonds. Deductions shall be made for the full face amount of coupons falling due after July 1, 1934, where it appears from said Treasurer's certificate that such coupons are unpaid. However, no deductions shall be made on account of coupons missing from bonds registered as to principal and interest.

If, however, bonds are presented from which more than a total aggregate principal amount of \$3,000 of required appurtenant interest coupons is unpaid and missing, you will refuse to make any disbursement and so advise this Corporation. [474]

If any deductions are made on account of missing coupons as above directed, and the coupons on account of which such deductions are made are later, but on or before September 30, 1935, presented to you, you will accept the same and make payment therefor in the manner above provided for our account in amounts equal to the deductions which are made on account thereof.

We request that upon making the purchase of the bonds you hold the bonds and one copy of each of the documents received as custodian for this Corporation. We also request that you forward to us Exhibits "B" to "H", both inclusive, and one copy of each of the documents received together with a statement showing the serial numbers of the bonds purchased and the amount disbursed in payment therefor.

As the District proposes to refund these purchased bonds within a short time, you will not present the bonds for payment unless further instructed. However, in order to collect interest on the amount disbursed, on the first day of January and the first day of July of each year you should present for payment in accordance with their terms matured bond interest coupons of the earliest maturity dates in face amount as nearly as possible equal to, but in no event less than interest at four per centum (4%) per annum upon the aggregate amount disbursed pursuant to this letter. The amount collected on account of such coupons should exactly equal the amount of such interest. If a partial payment on one of such coupons is necessitated, a credit in the amount of such payment should be endorsed on such coupon and it should be retained by you until fully paid. At least ten days prior to each of the aforesaid dates, you should forward to the Treasurer of Merced Irrigation District, Merced, California, a

statement generally describing such coupons to be presented and the amount to be collected thereon, referring to any credit upon one of such coupons which might be necessary as aforesaid.

Very truly yours,

(Signed) H. A. MULLIGAN

Treasurer

JJW:hc

CC to:

Mr. H. P. Sargent,

Secretary, Merced Irrigation District,

Merced, California

Messrs. Orrick, Palmer and Dahlquist,

Financial Center Building,

San Francisco, California

and others. [475]

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Note:

Exhibits "A", "A-1", "A-2", "A-3", "A-4", and "A-5" all referred to photostatic copies of the bonds of the various issues and divisions. These were not forwarded to the Merced Irrigation District but to the Federal Reserve Bank of San Francisco, California. [476]

## EXHIBIT "B"

## TREASURER'S CERTIFICATE

I, \_\_\_\_\_, Treasurer of Merced Irrigation District, of Merced, California, do hereby certify that I am acquainted with the form, serial numbers and maturity dates of the outstanding bonds of the District.

I further certify that I have this day individually examined the bonds of the issues dated \_\_\_\_\_ this day purchased by Reconstruction Finance Corporation through the Federal Reserve Bank of San Francisco, and that each bond and coupon so purchased is a valid outstanding obligation of said District, that the signatures thereon are the true and genuine signatures of the officers duly authorized and acting at the time of the execution of the bonds, and that no payment of principal has been made on account thereof by said District unless so indicated by endorsement on the respective bond.

I further certify that the seal impressed on said bonds was at the time of the execution of the bonds and still is the true and genuine seal of the District, and that a true impression of said seal has been impressed upon this certificate.

I further certify that each of the said bonds (except bonds registered as to principal and interest) is accompanied by all of the unpaid coupons appurtenant thereto, except as indicated as follows:

Bond Numbers              Dates of Unpaid Coupons  
not attached

Given under my hand and seal of office this .....  
day of ..... 19.....

(Seal) .....

Treasurer of Merced Irrigation District  
of Merced, California

I hereby certify that the signature of .....  
..... is true and genuine and that I know  
said ..... and know him to be  
Treasurer of Merced Irrigation District of Merced,  
California.

.....  
(Signature

Of

Member of Federal Reserve  
System. [477]

—  
The Memoranda of Sale and Receipts were all  
in substantially the following form: [478]

### EXHIBIT C

Re Merced Irrigation District

#### MEMORANDUM OF SALE AND RECEIPT

The undersigned hereby unconditionally sells,  
assigns, transfers and delivers unto Reconstruction  
Finance Corporation, its successors and assigns, the  
securities and appurtenant coupons (if any) of

the above District, which are described in the attached schedule, and all rights upon and in connection with the same, and acknowledges receipt of the sum of \$..... in full payment therefor, and in addition thereto, the District has paid to the undersigned the sum of \$....., receipt of which is hereby acknowledged, in full settlement of interest at the rate of 4% per annum on the purchase price of such securities, as provided in the Resolution of the Reconstruction Finance Corporation authorizing a loan to the above District and in accordance with the "Cash Offer Plan" hereto attached.

This transfer and assignment is without recourse on, and without warranty, either expressed or implied, by ..... in .....

(bank)

The securities and appurtenant coupons (if any) of the above District which are described in the attached schedule were and are deposited with the undersigned pursuant to executed Powers of Attorney and other documents in the form of those hereto attached which do not contain any qualifications as to ownership or limitations upon the power of the depositors to deposit and sell the same for the purpose herein mentioned, except as otherwise indicated in said schedule.

The undersigned proposes to distribute the proceeds of this sale to the creditors of the above District, who have deposited securities with the

undersigned, in amounts and manner as contemplated by the resolution of Reconstruction Finance Corporation authorizing a loan to said District, without any deductions whatsoever, except an amount not to exceed \$..... on account of fees and expenses for the undersigned and the Committee representing creditors of the above District. It is understood and agreed, however, that Reconstruction Finance Corporation shall be under no duty to see to the application or disbursement of such proceeds by the undersigned, and shall under no circumstances be under any liability for any matter connected with such application or disbursement.

In witness whereof, the undersigned has caused this Memorandum of Sale and Receipt to be executed by its officers thereunto duly authorized as of this ..... day of ....., 193.....

.....  
bank

By .....  
(signature) (title)

and .....  
(signature) (title)

I hereby certify that the genuine signatures of the above indicated officers of ..... appear above.

.....  
(signature) (title)

Of .....

Member of Federal Reserve  
System

Note: Signing banks which are members of the Federal Reserve System and are located in the Reserve District where the loan is to be closed are not required to have the signatures of their officers certified to. [479]

Attached to said form of memoranda was a copy of the "cash offer plan" as set forth in Petitioner's Exhibit No. 13. [See page 586] [480]

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### PETITIONER'S EXHIBIT NO. 11

This exhibit consisted of photostatic copies of Memoranda of Sales executed by the depositaries and others in substantially the form of Memorandum of Sale attached to Exhibit No. 10.

The total of bonds covered by the bills of sale set forth in Exhibit 11 is \$14,071,000.00 principal amount and the amount paid out by the Federal Reserve Bank at the rate of \$515.01 for each \$1000 bond was \$7,245,917.64, the detail of which is as follows:

	Amount of Receipt
Executed by	
The Anglo-California National Bank of San Francisco .....	\$ 736,206.80
Bank of America, N. T. & S. A.....	221,944.69
Bank of America, N. T. & S. A.....	3,366,228.52
Bank of America, N. T. & S. A.....	43,775.85
The Capital National Bank of Sacra- mento .....	52,531.02

Citizens National Trust & Savings Bank, Los Angeles.....	1,051,254.57
Crocker First National Bank of San Francisco .....	360,507.00
Security-First National Bank of Los Angeles .....	1,371,238.37
St. Louis Union Trust Company.....	3,605.07
G. W. Kirby, County Treasurer of Merced County .....	23,175.45
Mary J. F. Young and D. M. Young.....	15,450.30
	<hr/>
	\$7,245,917.64

Attached to the bills of sale executed by the depositories for the Bondholders' Protective Committee, to-wit,

The Anglo-California National Bank of San Francisco, 1 Sansome Street;

Bank of America, National Trust and Savings Association, 485 California Street, San Francisco;

Bank of America National Trust and Savings Association, 660 South Spring Street, Los Angeles;

Security-First National Bank of Los Angeles, Sixth and Spring Streets,

Bank of America National Trust and Savings Association, Eighth and J Streets, Sacramento; and

The Capital National Bank,  
Seventh and J Streets, Sacramento,

is a copy of the Cash Offer Plan as set forth in Exhibit No. 13. There was also attached copy of the deposit agreement dated March 1, 1932, under which the Bondholders' Protective Committee accepted deposit of bonds prior to adoption by it of the Cash Offer Plan. [481] Sections 1, 3, 4, 5 and 7 of Article III of said Deposit Agreement of March 1, 1932 are as follows:

Section 1. The Committee is hereby given full power and authority, if and whenever in its judgment it shall be advised so to do, to prepare and adopt (either alone or in cooperation with any creditors of said District or any committee or other persons representing any bonds or other evidences of indebtedness of said District) a plan and agreement, or plans and agreements, for the readjustment or liquidation of the indebtedness of said District or any part thereof or for the enforcement of the rights of the owners of deposited bonds and of such creditors and/or of the holders of such bonds or evidences of indebtedness against said District or against the properties which are subject to the assessment lien securing the deposited bonds; or the Committee may approve, adopt or unite in any such plan and agreement for readjustment, liquidation, sale or enforcement, although such plan and agreement be not prepared by it. The Committee in its uncontrolled discretion pursuant to any such plan and agreement, may exchange any or all of the deposited bonds and/or coupons of any or all of the various issues or surrender the same in ex-

change for refunding bonds or other obligations; it may demand, collect and receive any and all amounts of cash, bonds or other securities or other property that at any time may be payable or receivable upon or in respect of any of the deposited bonds of any issue, whether for principal and interest and whether upon the readjustment of the indebtedness of said District or upon the disposition of properties upon sale to enforce the above mentioned assessment lien and may distribute the same pro rata among the Depositors, subject to the provisions, limitations and restrictions contained in this Agreement and in accordance with such reasonable regulations as the Committee may prescribe.

Section 3. Whenever the Committee shall have prepared [482] and adopted or shall have approved any plan and agreement of readjustment or liquidation of the indebtedness of said District or any part thereof, or either with or without any such plan and agreement, shall have determined to sell all or any part of the deposited bonds and coupons of any or all of the issues (except for an amount at least equal to their face amount and accrued interest) and other securities or property held for the account or benefit of the deposited bonds and coupons of the issue or issues so determined to be sold, a copy of such plan and agreement or a statement of such proposed sale shall be lodged with each of the Depositories, and thereupon notice of the fact of such adoption or approval and lodging of such plan

and agreement or of the fact of such proposed sale shall be given by the Committee, by mailing written notice thereof to the Depositors at their respective addresses as they appear upon the books kept by the Depositaries. The Committee may also give such additional notice by publication thereof in such newspapers and for such time as it deems advisable and the Committee, in its discretion, may also cause such notice to be both published and mailed; but neither failure to make such publication nor any defect or irregularity thereof shall impair the validity of said notice. The mailing of such notice shall be conclusive notice to all Depositors as of the date of mailing thereof of such adoption or approval and of the lodging with the Depositaries of any such plan and agreement or of such proposed sale and of the terms thereof, as the case may be, with like force and effect as if such notice had been on said date personally delivered to each of the Depositors, whether or not such Depositors, or any of them, shall have actually received such notice. An Affidavit made before a Notary Public by the Secretary of the Committee or by an officer or employee of any Depositary with respect to the publication or mailing of the notices herein provided for shall be conclusive evidence of the giving of such notice as [483] set forth in such affidavit. For all purposes of this Agreement, the date of mailing of any notice shall be conclusively deemed to be the date on which such notice is deposited in a mail box, building mail chute,

mail bag, or any post office, or branch thereof. In accordance with such notice the Committee may provide for closing the books for transfer of certificates of deposit issued hereunder as hereinbefore provided.

Section 4. Any Depositor, within the period of thirty days beginning on the date of mailing of such notice, (but in no event prior to such date of mailing nor after the termination of said thirty-day period, except as otherwise hereinafter provided) may withdraw from this Agreement upon surrender of his certificate of deposit properly endorsed in blank to the Depositary which issued his certificate of deposit, and upon paying to said Depositary for the Committee such amount as the Committee, in its sole and uncontrolled discretion, may fix as his pro rata share of the expenses of the Committee to the date of such withdrawal and, at the election of the Committee, such amount as the Committee, in its sole and uncontrolled discretion, may fix as his pro rata share of all the advances and liabilities of the Committee to such date (but not in excess of the limitation herein prescribed); and thereupon such withdrawing Depositor shall be entitled to the delivery of bonds or coupons of the same issue and maturity date and of a principal amount equal to those represented by such certificate of deposit (less any coupons which have been detached and paid and less any distributions which have been made upon the principal of said bonds) or the pro rata share, as determined by

the Committee apportionable thereto, of the proceeds of, or substitutes of such bonds then held hereunder. Depositors so withdrawing shall, upon such withdrawal and without any further act, be fully relieved from the obligations of this Agreement and cease to have any rights hereunder. Depositors who fail to withdraw in the manner aforesaid [484] within said period of thirty days shall be conclusively and finally deemed for all purposes to have irrevocably waived the right of withdrawal hereby given to them, and such plan and agreement or sale shall be binding upon all Depositors who shall not have so withdrawn, all of whom shall be conclusively and finally deemed for all purposes to have assented to such plan and agreement or sale and the terms thereof, whether they receive actual notice or not, and shall be irrevocable bound by the same. No Depositor shall at any time have the right to withdraw from participation in this Agreement except in the events and upon the terms specified in this Agreement.

Section 5. As to any bonds or coupons assenting as provided in Section 4 of this Article III, the Committee shall be fully authorized to carry out such plan and agreement or to effect such sale, and for that purpose shall have full power and authority to transfer, convey and deliver or deposit under said plan and agreement or otherwise use and deal with the deposited bonds and coupons or any money or securities or other property held by it hereunder or under such plan and agreement, and the rights of the Depositors shall be only such

as may be conferred by such plan and agreement or as shall be fixed by the terms of such sale, and shall be subject to compliance with such terms and conditions as such plan and agreement may impose or as the terms of such sale may prescribe, as conditions of participation in such plan and agreement or in such sale and in the benefits thereof; and the Committee shall be fully protected in acting upon the faith of any such notice and assent. The Committee shall be the sole and final judge as to when and whether sufficient assents to any plan and agreement have been obtained and as to whether other circumstances and conditions warrant declaring such plan and agreement operative or effective. Whenever such plan and agreement is referred to herein, it shall be deemed to include any modification of the plan and agreement or any new plan and agreement prepared and adopted or [485] approved as herein provided.

Section 7. The Committee may, if it so desires, give notice in the manner provided in Section 3 of this Article III of its determination to take any action of any kind or character whatsoever, and the mailing of such notice shall be conclusive notice to all Depositors, as of the date of mailing thereof as the case may be, of such determination. If such notice be given, any depositor at any time within thirty days after the date of mailing, (but in no event prior to such date of mailing nor after the termination of said thirty-day period, except as otherwise provided herein) may withdraw from this

Agreement, in the manner and with the effect specified in Section 4 of this Article III with respect to withdrawals from this Agreement in the case of the adoption of a plan and agreement. The Depositors who shall not so withdraw in the manner aforesaid within such period of thirty days shall be conclusively and finally deemed for all purposes to have irrevocably waived the right of withdrawal given to them and shall be irrevocably bound and concluded by all such acts and determinations of the Committee, whether or not such Depositors received actual notice thereof.

Attached to the bill of sale given by the County Treasurer of Merced County is a resolution of the Board of Supervisors of Merced County dated August 5, 1935, authorizing the County Treasurer to sell and deliver Merced Irrigation District bonds to Reconstruction Finance Corporation pursuant to Cash Offer Plan.

Attached to the bill of sale given by Crocker First National Bank of San Francisco was consent signed by Carrie L. Dallas reciting that she was the owner of all bonds transferred by said bill of sale and further reciting: "I hereby agree that I will immediately instruct said Crocker First National Bank of San Francisco to deliver said bonds to said Merced Irrigation District or to Reconstruction Finance Corporation or to any agency of the [486] United States entitled thereto in accordance with said plan of readjustment." (Cash Offer Plan)

Attached also to bill of sale given by the Bank of America, National Trust and Savings Association, transferring bonds of the State Compensation Insurance Fund, said bonds being in the total sum of \$85,000.00 principal amount, is a resolution of the State Compensation Insurance Fund authorizing the deposit of its bonds under said Cash Plan, and there is also attached agreement by C. B. Day, as Manager, consenting that they be sold "to the Merced Irrigation District or the Reconstruction Finance Corporation or other agency of the United States Government \* \* \* for the sum of \$515.01 flat net for each \$1000.00 par value of the bonds." [487]

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#### PETITIONER'S EXHIBIT NO. 12

was Letter of Transmittal and Acceptance of Cash Offer Plan, as follows:

(Your signature below constitutes an acceptance in writing of the terms and conditions of the Cash Offer Plan dated February 1, 1935, pursuant to which your bonds may be purchased by the Reconstruction Finance Corporation.)

## Merced Irrigation District

LETTER OF TRANSMITTAL AND  
ACCEPTANCE OF CASH OFFER PLAN

Date .....

The Anglo California National Bank  
of San Francisco,  
No. 1 Sansome Street,  
San Francisco, California.

Bank of America National Trust  
and Savings Association,  
485 California Street,  
San Francisco, California.

Bank of America National Trust  
and Savings Association,  
660 South Spring Street,  
Los Angeles, California.

Citizens National Trust & Savings Bank  
of Los Angeles,  
457 South Spring Street,  
Los Angeles, California.

Security-First National Bank of Los Angeles,  
Sixth and Spring Streets,  
Los Angeles, California.

Bank of America National Trust  
and Savings Association,  
Eighth and J Streets,  
Sacramento, California.

The Capital National Bank of Sacramento,  
Seventh and J Streets,  
Sacramento, California.

The undersigned herewith deposits the bonds of Merced Irrigation District listed below, having the coupons specified below and all subsequent coupons attached, viz:

Issue No.—  
Div. No.—  
Bond Numbers—  
Denominations—  
Maturities—  
Coupons— [488]

Such bonds are delivered to you as Depositary and are deposited subject to and for the uses and purposes stated in the Cash Offer Plan dated February 1, 1935, adopted by Merced Irrigation District Bondholders Protective Committee constituted under Deposit Agreement, dated March 1, 1932, copies of each of which are on file with you as such Depositary. The undersigned hereby consents and agrees to said Cash Offer Plan and accepts the same and hereby agrees to the sale of said bonds to the Reconstruction Finance Corporation, all as in said Cash Offer Plan provided. Please issue and deliver \*certificate(s) of deposit under the afore-said Cash Offer Plan and Deposit Agreement, in the following name:

Name .....

.....,

(Signature) [489]

## PETITIONER'S EXHIBIT NO. 13

was a letter from the Committee to the bondholders, dated Febr. 15, 1935, as follows:

To the Holders of Bonds of Merced Irrigation District:

Under date of January 7, 1935, you were advised by the undersigned Bondholders' Protective Committee that the Reconstruction Finance Corporation had approved the District's application for a loan. The Committee desires to advise you of the result of the questionnaire submitted with said letter, which is as follows:

## Number of Questionnaires

Returned	Amount
658 in favor of R.F.C. Cash Offer representing .....	\$10,431,000
141 in favor of Refunding Plan representing .....	1,575,000
58 No preference representing.....	590,000
<hr/>	<hr/>
857	\$12,596,000

Following the receipt of the questionnaire, the Committee has given very careful consideration to the course which should be followed in the best interests of the bondholders. In view of the result of the questionnaire the Committee, by appropriate majority action, for the purpose of consenting to and accepting the plan of refinancing contemplated by the Reconstruction Finance Corporation, has

formally adopted a Cash Offer Plan pursuant to the terms of the Merced Irrigation District Deposit Agreement dated March 1, 1932. The terms and conditions of said Cash Offer Plan are set forth below and notice of the adoption of said Cash Offer Plan is hereby given.

BONDHOLDERS WHOSE BONDS ARE NOW ON DEPOSIT WITH THE COMMITTEE AND WHO DESIRE TO ACCEPT AND APPROVE THE CASH OFFER PLAN NEED TAKE NO ACTION. By leaving their bonds on deposit with this Committee such bondholders will be deemed to have accepted and consented to the offer of the Reconstruction Finance Corporation as embodied in said Cash Offer Plan.

BONDHOLDERS WHOSE BONDS ARE NOW ON DEPOSIT WITH THE COMMITTEE, BUT WHO DO NOT APPROVE THE CASH OFFER PLAN, may withdraw their bonds from the Deposit Agreement within the period of thirty days from the date of mailing of this notice, upon surrender of the certificate or certificates of deposit which they hold properly endorsed in blank to the depository which issued such certificate or certificates of deposit, and upon payment to said depository for the Committee the sum of \$9.18 for each \$1000 bond, being the pro rata share of all advances and liabilities of the Committee to date. Bondholders so withdrawing, shall, on such withdrawal, cease to have any rights under said Deposit

Agreement. Bondholders who fail to withdraw in the manner prescribed in said Deposit Agreement shall be conclusively and finally deemed for all purposes to have irrevocably waived the right of withdrawal under said Deposit Agreement, and said Cash Offer Plan shall be binding upon all depositing bondholders who shall not have so withdrawn, all of whom shall be conclusively and irrevocably bound by said Cash Offer Plan.

BONDHOLDERS WHO HAVE NOT HERETOFORE DEPOSITED THEIR BONDS WITH THE COMMITTEE, BUT WHO DESIRE TO ACCEPT SAID CASH OFFER PLAN, may do so by depositing their bonds with any of the depositaries named in said Cash Offer Plan accompanied by the [490] enclosed Letter of Transmittal duly executed.

The Merced Irrigation District has agreed to pay all expenses in connection with the carrying out of said Cash Offer Plan and, accordingly, if said Plan is carried out, neither bondholders who have heretofore deposited bonds under the Deposit Agreement nor bondholders who now deposit their bonds thereunder, pursuant to the terms of said Cash Offer Plan, should be subject to any costs or expenses, unless the District shall fail to pay such costs and expenses, in which event the total amount of expenses which may be chargeable to deposited bonds shall not exceed 2% of the face value thereof, subject to the terms of said Deposit Agreement.

## CASH OFFER PLAN

The Reconstruction Finance Corporation, by resolution adopted November 14, 1934, has granted a loan to the Merced Irrigation District to enable the District to refinance and refund its present outstanding bonded indebtedness. The amount of the loan is sufficient to enable the holders of the present outstanding bonds to receive \$515.01 for each \$1000 bond, together with interest at the rate of 4% per annum upon said liquidating price of said bonds from the date said bonds are deposited so as to be made available for refinancing under the resolution of the Reconstruction Finance Corporation until the consummation of the loan as provided in said resolution of the Reconstruction Finance Corporation. To evidence the loan, the District will authorize a new issue of refunding bonds in face amount equal to the loan to be delivered to the Reconstruction Finance Corporation, if and when the holders of the outstanding bonds of the District agree to the terms and conditions of the loan. It is contemplated, upon the approval of the holders of the outstanding bonds, that the Reconstruction Finance Corporation will purchase the present outstanding bonds on the basis set forth in the resolution granting the loan, and thereupon exchange the bonds so purchased by it for the new issue of refunding bonds of the District, to the end that the District will be able to reduce its outstanding bonded indebtedness to the amount of approximately \$8,600,000, bearing interest at 4% per annum, such refunding

bonds to be delivered to the Reconstruction Finance Corporation. In order to effect the refinancing and reduction of the outstanding indebtedness of the District, it is accordingly necessary that substantially all of the present outstanding bonds of the District be delivered to or for the account of the Reconstruction Finance Corporation at the price of \$515.01 for each \$1000 bond and interest as provided in said resolution of the Reconstruction Finance Corporation. Accordingly, the following plan for the readjustment of the indebtedness of the Merced Irrigation District is hereby adopted by the Merced Irrigation District Bondholders' Protective Committee, pursuant to the provisions of the Deposit Agreement dated March 1, 1932, to wit:

1. Sale of Bonds. The present outstanding bonds of the Merced Irrigation District shall be sold to the Reconstruction Finance Corporation or any agency of the United States Government, or to the Merced Irrigation District or any agent appointed or [491] approved by it, at the price of \$515.01 for each \$1000 principal amount of said bonds, in accordance with the resolution of the Reconstruction Finance Corporation adopted November 14, 1934 (Docket No. Ref. 58).

2. Interest. The purchase price of \$515.01 for each \$1000 bond will be made only upon deposit of such bonds accompanied by all interest coupons due July 1, 1933, and all subsequent coupons, and no payment shall be made on account of any such

coupons. All coupons due prior to July 1, 1933, and now unpaid shall be paid by the District. Interest on said purchase price at the rate of 4% per annum shall be paid from the date of the deposit by the holder of any of said bonds under this Cash Offer Plan to the date of consummation of said loan as provided in said resolution of the Reconstruction Finance Corporation. The date of deposit under this Cash Offer Plan shall be deemed to be the effective date upon which the Division Chief of the Reconstruction Finance Corporation shall be notified thereof in such manner and form as may satisfy him that said bonds are available for refinancing under said resolution of the Reconstruction Finance Corporation. The date of consummation of said loan shall be deemed to be the date upon which funds are transferred by the Reconstruction Finance Corporation to the paying or disbursing agent of said Reconstruction Finance Corporation. All payments on account of both principal and interest will be made only if the Cash Offer Plan becomes effective by actual transfer of funds by or through the Reconstruction Finance Corporation.

3. Powers of the Committee. In lieu of the powers granted to the Committee pursuant to the provisions of Article II of the Deposit Agreement dated March 1, 1932, the Committee shall have and exercise only such powers as may be necessary to carry out this Cash Offer Plan, and to that end the Committee is authorized to receive all moneys payable in respect to the purchase price of deposited

bonds and to receipt for the same; to surrender the deposited bonds and coupons upon payment thereof to the Reconstruction Finance Corporation or to any agency of the United States Government or to the District or any other person, firm or corporation authorized to receive the same; and to do any and all other acts and things necessary to enable the District to effect a reduction in its indebtedness to the extent and in the manner contemplated by said resolution of the Reconstruction Finance Corporation granting said loan; and otherwise to do and perform all acts and things required by the Reconstruction Finance Corporation or any agency of the United States Government to be done for the purpose of effecting the sale of said bonds as in said resolution of the Reconstruction Finance Corporation provided; and also, to distribute to the persons entitled thereto the purchase price to be paid for said bonds. The Committee shall also have and exercise all rights and powers herein specially granted including the power to act as exclusive agent and attorney in fact of the bondholders for the purpose of carrying out this Cash Offer Plan. Said Committee shall not be obligated to collect the principal or interest appurtenant to any of said bonds or otherwise take any action in respect thereof, other than to carry out the terms and conditions of this Cash Offer Plan. Bondholders who deposit their bonds with the Committee under this Cash Offer Plan and depositors who fail to with-

draw from the Deposit Agreement within the time and under the conditions therein prescribed will be bound by and conclusively deemed to have consented to this Cash Offer Plan and to the sale of their bonds to the Reconstruction Finance Corporation as herein provided, and the Committee will be fully authorized to effect such sale. [492]

4. Federal Bankruptcy Proceedings. The Committee is hereby authorized as the agent and attorney in fact of the depositing bondholders to consent in writing to the terms and conditions of this Cash Offer Plan in any proceedings now or hereafter instituted by the District pursuant to the provisions of Section 80 of the Federal Bankruptcy Act, as amended, and to file in any such proceedings the written assent to said Cash Offer Plan for and on behalf of the holders of said bonds and as their agent and attorney in fact hereby irrevocably appointed for that purpose.

5. Termination of Plan. This Cash Offer Plan shall terminate on March 1, 1936, unless prior to that date funds shall have been made available for the purchase of said bonds by the Reconstruction Finance Corporation; subject, however, to any extension thereof and to the conditions of Article IV of said Deposit Agreement with respect to notice and the right of withdrawal therein provided.

6. Expenses. The District has agreed to pay all of the expenses of the Committee in carrying out this Cash Offer Plan, including all expenses heretofore incurred by the Committee. Accordingly, de-

positing bondholders should not be subject to any expenses in connection herewith, except to the extent, if any, that the District shall have failed to pay such expenses, in which event no personal liability will exist upon the depositing bondholders and the maximum expenses chargeable to the deposited bonds will not exceed 2% of the face amount thereof, as provided in the Deposit Agreement.

7. Operation of Plan. This Cash Offer Plan will become operative when sufficient deposits of bonds have been made hereunder to enable the Reconstruction Finance Corporation to purchase the same. If the Cash Offer Plan fails of accomplishment, notice will be given to all depositing bondholders and they will be accorded the right of withdrawal in the manner provided in the Deposit Agreement.

8. Deposit Agreement. This Cash Offer Plan is submitted pursuant to the terms of the Deposit Agreement dated March 1, 1932, to which Deposit Agreement depositing bondholders will become parties in the manner therein provided and all of the terms of said Deposit Agreement shall be deemed to be a part of this Cash Offer Plan, with the same effect as though each and every provision thereof had been embodied herein, and said Deposit Agreement and this Cash Offer Plan shall be read as parts of one and the same instrument. In the event, however, of any conflict between the provisions of this Cash Offer Plan and said Deposit Agreement, the provisions of this Cash Offer Plan shall control

and the Deposit Agreement shall be deemed to have been amended accordingly.

9. Depositories. Each of the following banks is hereby named as a depository under this Cash Offer Plan and said Deposit Agreement, and shall have all of the rights, powers and privileges designated in said Deposit Agreement, to wit:

San Francisco

The Anglo-California National Bank  
of San Francisco,

No. 1 Sansome Street,

Bank of America National Trust and  
Savings Association,  
485 California Street, [493]

Los Angeles

Bank of America National Trust and  
Savings Association,

660 South Spring Street,

Citizens National Trust and Savings Bank,  
457 South Spring Street,

Security-First National Bank of Los Angeles,  
Sixth and Spring Streets,

Sacramento

Bank of America National Trust and  
Savings Association,

Eighth and J Streets,

The Capital National Bank,  
Seventh and J Streets.

10. Statements and Estimates. No statement or estimate contained in this Cash Offer Plan or accompanying the same is intended as or is to be construed as a warranty or representation of the Committee or as a condition of deposit or assurance under the Cash Offer Plan, all such statements and estimates having been taken from sources which the Committee deems reliable but which it obviously is in no position to guarantee, and no defect or error in any such statements or estimates shall release any depositor under the Cash Offer Plan or the Deposit Agreement. Under no circumstances shall the Committee or the Reconstruction Finance Corporation or the District be bound by any interpretation or lack of interpretation of the resolution of the Reconstruction Finance Corporation adopted November 14, 1934, granting the loan to said District as set forth or referred to in this Cash Offer Plan or in any document accompanying the same. All bondholders are hereby referred to the terms and conditions of the resolution of the Reconstruction Finance Corporation on file in the offices of the secretaries of this Committee and also in the office of the secretary of the District for more particular and definite description of the terms and conditions of said resolution of the Reconstruction Finance Corporation granting said loan to the Merced Irrigation District. [494]

PETITIONER'S EXHIBIT NO. 14

This was the judgment roll in an action validating the refunding bonds pursuant to the terms and provisions of the California Irrigation Districts Act and the following excerpts are taken or summarized from the judgment rendered in said action, to-wit:

Filed this 24th day of Dec. 1935. P. J. Thornton, County Clerk. By Myrtle Oliver, Deputy.

In the Superior Court of the State of California  
in and for the County of Merced.

No. 10841

In the matter of the validation of Refunding Bonds  
of MERCED IRRIGATION DISTRICT of  
the aggregate par value of \$8,600,000 and Contract  
between the District and the Reconstruction Finance  
Corporation, authorized at an  
election held in said District on the 20th day of  
March, 1935.

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D. K. BARNELL, W. H. ROBINSON, E. B. MAZE, E. B. WOOD and J. A. WOLF, as and  
constituting the Board of Directors of Merced  
Irrigation District,

Plaintiffs,

vs.

ALL PERSONS, including all those in any way  
interested or to be interested in the Refunding  
Bonds of Merced Irrigation District of the

aggregate par value of \$8,600,000, and the Contract between the District and the Reconstruction Finance Corporation, authorized at an election held in said District on the 20th day of March, 1935, and all those having or claiming any right, title or interest in or claim upon the property within said district, or any part thereof,

Defendants.

The above entitled cause came on regularly for hearing in open court on this 24th day of December, 1935, before the court sitting without a jury, Messrs. Downey, Brand & Seymour, C. Ray Robinson, Esq., and Hugh K. Landram, Esq., appeared as attorneys for plaintiffs. Due proof was made by satisfactory evidence [495] submitted to the court that plaintiffs caused this action to be brought in the above entitled court within the proper time; that summons in due form of law was issued herein and was duly published for at least once a week for three successive weeks in the "Merced Sun-Star," a newspaper of general circulation printed and published in Merced in the County of Merced, State of California, and designated by this court for such publication; and that such publication was in all respects in compliance with law and the order of this court; that more than ten days have elapsed after the final publication of said summons; that jurisdiction of the subject of this action and of all persons interested has been duly obtained by this

court and is complete and that no person appeared in said action or at the trial or contested the validity of said bonds or any thereof.

And it further appearing that the time for such appearance and contest has expired, and the default of all defendants having been duly entered, it is now on motion of plaintiffs, Ordered, Adjudged and Decreed as follows:

### I.

That Merced Irrigation District is, and ever since the 8th day of December, 1919, has been, an irrigation district duly and regularly organized and existing under the act of the Legislature of the State of California entitled, "An Act to provide for the organization and government of irrigation districts and to provide for the acquisition or construction thereby of works for the irrigation of the lands embraced within such districts, and, also, to provide for the distribution of water for irrigation purposes," approved March 31, 1897, and acts amendatory thereof and supplemental thereto. That said district is situate entirely within the County of Merced in said State of California. That said district is, and at all of said times has been, acting as and exercising the rights of an irrigation district under said act [496] and the acts amendatory thereof and supplemental thereto.

### III.

(Paragraph III describes the old outstanding bonds in the sum of \$16,190,000, and continues as follows:)

That thereafter and heretofore Merced Irrigation District, by proceedings duly had and taken in accordance with law, authorized the issuance of \$16,190,000 principal amount of bonds to be designated "First Refunding Issue," of said district. That thereafter and heretofore, by proceedings duly had and taken in accordance with law, said district was granted authority to cancel and annul the authority conferred upon it for the issuance of said \$16,190,000 principal amount of said bonds of the First Refunding Issue, and that accordingly none of said bonds of the First Refunding Issue have been or will be authorized to be issued or outstanding."

#### IV.

That heretofore on or about the 16th day of December, 1933, said district duly filed with the Reconstruction Finance Corporation, an agency of the United States of America, its application for a loan for the purpose of reducing and refinancing outstanding indebtedness of said district under the provisions of the Emergency Farm Mortgage Act of 1933, as amended, and that on or about the 14th day of November, 1934, said Reconstruction Finance Corporation authorized a loan to or for the benefit of said district of not exceeding \$8,600,000, subject to all of the terms and conditions set forth in a resolution adopted by said Reconstruction Finance Corporation. That a copy of said Corporation Resolution is annexed to the complaint on file in this action and marked "Exhibit No. 1" thereof.

That on or about the 11th day of December, 1934, the Board of Directors of said district duly accepted said loan and agreed with said Reconstruction Finance Corporation to comply with, fulfil and carry out all of the provisions, terms and [497] requirements to be by said district carried out and fulfilled. That a copy of said resolution is annexed to the complaint on file in this action and marked "Exhibit No. 2" thereof.

That on or about the 6th day of July, 1935, said Reconstruction Finance Corporation by resolution amended its original Resolution adopted on November 14, 1934, in certain particulars, and that on or about the 23rd day of July, 1935, the Board of Directors of said district by resolution accepted such amendment by the Reconstruction Finance Corporation. That a copy of said amendatory resolution and of said acceptance are attached to the complaint on file in this action and marked, respectively, "Exhibit No. 3" and "Exhibit No. 4" thereto.

## V.

That on or about the 11th day of February, 1935, while each and all of the above described bonds of said district in the aggregate principal amount of \$16,190,000 were outstanding as hereinabove set forth, the Board of Directors of said district, at a meeting of said Board duly called and held at its office, by resolution adopted a refunding plan for the purpose of reducing and refinancing outstand-

ing indebtedness of said district under the provisions of Sections 32a, 32b, 32c, 32d and 32e of the California Irrigation District Act, and also under the provisions of an Act of the Legislature of the State of California entitled, "An Act to authorize irrigation districts to cooperate and contract with the United States under the provisions of the Federal reclamation laws for a water supply, or the construction, operation or maintenance of works, including drainage works, or for the assumption by the district of indebtedness to the United States on account of district lands; and to provide the manner and method of payments to the United States under such contract, and for the apportionment of assessments, and the levy thereof, upon the lands of the district to secure revenue for such payments, and to provide for the judicial [498] revenue and determination of the validity of the proceedings in connection with such contract, and to provide for construction of works by the district; to provide for the borrowing or procuring of money from the United States or any agency thereof and the entering into contract, and/or the issuance of bonds, warrants or other evidence of indebtedness for the repayment thereof," (approved May 5, 1917, Stats. 1917, page 243, as amended) pursuant to which said district proposed to issue \$8,600,000 principal amount of refunding bonds. That said Board of Directors further prescribed in and by said resolution that a copy of said resolution should be filed with the California Districts Securities

Commission in order to secure its approval of the said refunding plan. That a copy of said resolution is attached to the complaint on file in this action and marked "Exhibit No. 5" thereof.

## VI.

That said resolution was thereafter duly filed with said California Districts Securities Commission and said Commission did, on the 15th day of February, 1935, make its Order No. 54 approving said refunding plan. That a copy of said Order No. 54 is attached to the complaint on file in this action and marked "Exhibit No. 6" thereof.

## VII.

That thereafter, to wit, on the 19th day of February, 1935, the Board of Directors of said district at a meeting of said Board duly called and held at its office, adopted a resolution calling a special election in said district on Wednesday, the 20th day of March, 1935, for the purpose of submitting to the qualified electors of said district the following proposition, to wit:

Proposition: Shall the Merced Irrigation District enter into and execute a contract with the Reconstruction Finance Corporation, an agency of the United States of America, providing for the issuance of refunding bonds and complying with the requirements of [499] said Corporation, including among other things provisions for the levy and collection within this District of assessments that will be sufficient in

amount to pay such bonds together with interest thereon when the same fall due and also to create a reserve fund, and also for the allocation by the District of funds and income derived from the sale of electric power under the provisions of the existing contract between the District and the San Joaquin Light & Power Company dated February 21, 1924, in an amount and manner satisfactory to the District and the Reconstruction Finance Corporation; and shall said District issue refunding bonds in the principal amount of \$8,600,000 for the purpose of reducing and refinancing outstanding indebtedness of said District, under and pursuant to and in accordance with the resolution adopted by the Reconstruction Finance Corporation dated November 14, 1934, and accepted by the Board of Directors of said District on December 11, 1934, and pursuant to the refunding plan adopted by the Board of Directors of said District on February 11th, 1935, and Order No. 54 of the California Districts Securities Commission dated February 15th, 1935, approving said plan and authorizing such refunding?

That a copy of said resolution is attached to the complaint on file in this action and marked "Exhibit No. 7" thereof.

#### VIII.

That the Secretary of said district, pursuant to said resolution, thereafter caused notice of said

special election to be published in the "Merced Sun-Star" on the following dates, to wit: February 23, 1935, March 2, 1935, and March 9, 1935, as more fully appears from the affidavit of Hugh McClung. That a copy of said affidavit of publication is attached to the complaint on file in this action and marked "Exhibit No. 8" thereto. That said "Merced Sun-Star" is, and was at all of the times herein and in said complaint mentioned, a newspaper of general circulation printed and published in the City of Merced, in the County of Merced, State of California.

That the Secretary of said district, pursuant to said resolution, caused to be posted in three public places in each of the thirteen election precincts into which said district was divided, and also in the office of the Board of Directors of said district, a notice of said special election; that said notices were so posted on February 26th and 27th, 1935. That the affidavits of H. P. Sargent, Secretary of said district, and L. D. Boysen, [500] relative to said posting, are attached to the complaint on file in this action and collectively marked "Exhibit No. 9" thereof.

### IX.

That said special election was duly held and conducted and the votes thereat received and canvassed, and the result thereof determined and declared in all respects as required by law, and due notice thereof was given in all respects as required by law. That the polls at said election were opened at six

o'clock A. M. of the day of the election and were kept open until seven o'clock P. M. of said day, when the same were closed. That thereafter, on the first Monday after said election, to wit, on the 25th day of March, 1935, the Board of Directors of said district met at its office to canvass the returns of said election and did thereupon determine and declare that the total number of votes cast at said election was 3966; that 3925 votes were cast at said election in favor of said proposition and that 41 votes were cast thereat against said proposition; that more than two-thirds of the voters voting at said election voted in favor of said proposition and that said proposition was carried. That a copy of the canvass of said Board of Directors determining and declaring the result of said special election is attached to the complaint on file in this action and marked "Exhibit No. 10" thereof.

## X.

That thereafter, to wit, at a meeting of said Board of Directors duly called and held at its office on the 10th day of September, 1935, said Board of Directors adopted a resolution for the issuance of said refunding bonds of said Merced Irrigation District in the aggregate principal amount of \$8,600,000. That a copy of said resolution if issuance is attached to the complaint on file in this action and marked "Exhibit No. 11" thereof.

## XI.

That thereafter, to wit, at a meeting of said Board of [501] Directors duly called and held at its office on the 10th day of September, 1935, said Board of Directors adopted a resolution authorizing the execution of a contract with the Reconstruction Finance Corporation for the purchase of said refunding bonds, a copy of which contract was set forth at length in said resolution. That a copy of said resolution authorizing the execution of said contract incorporated therein and made a part thereof is attached to the complaint on file in this action and marked "Exhibit No. 12" thereof.

## XII.

That thereafter, to wit, on the 10th day of September, 1935, the Board of Directors of said district, at a meeting duly called and held at its office, adopted a resolution ordering court proceedings to determine the validity of said contract with the Reconstruction Finance Corporation and said refunding issue of bonds of said district, wherein and whereby said Board of Directors authorized the commencement of this action. That a copy of said last mentioned resolution is attached to the complaint on file in this action and marked "Exhibit No. 13" thereof.

## XIII.

That each and all of the proceedings for and in connection with the authorization of said contract with the Reconstruction Finance Corporation and

the issuance of said refunding bonds were and are valid and lawful, and that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the execution of said contract and the issuance of said refunding bonds as hereinbefore set forth did exist, happened and were performed in regular and due time, form and manner as required by law, and that said district is duly authorized and empowered to execute and perform said contract and to issue said refunding bonds authorized at said election on said 20th day of March, 1935, and that all of said refunding bonds so authorized [502] as hereinbefore set forth are, and will be when executed and delivered, the valid and legally binding obligations of said district, payable in accordance with their terms, both principal and interest, from revenue derived from an annual assessment upon the lands within the district in accordance with the provisions of Sections 33 and 39 of the California Irrigation District Act and the provisions of Section 11 of said Act of May 5, 1917, as amended, and that the full faith and credit of said district has been, and is pledged to the punctual payment of the principal and interest of said refunding bonds in accordance with said provisions of said California Irrigation District Act and in accordance with Section 11 of said Act of May 5, 1917, as amended. That to further assure the payment of the principal and interest of said refunding bonds, as the same mature, said district

by resolution of its Board of Directors and with the consent and approval of the California Districts Securities Commission heretofore duly given and made, has created and agreed to maintain a Reserve Fund into which will be deposited from time to time such sums as may be raised by assessments upon the lands in the district (unless funds for that purpose shall otherwise be provided by said district) up to, but not in excess of, \$461,000, to be used solely for the purpose of making up deficiencies in the Bond Interest Fund or Bond Principal Fund of the district due to delinquencies in the payment of assessments levied upon the lands in the district for the payment of interest or principal, respectively. That in accordance with the provisions of Section 32a, 32b, 32c, 32d and 32e of the California Irrigation District Act, said district by and with the consent and approval of the California Districts Securities Commission heretofore given and made, has allocated to the payment of principal and interest of said refunding bonds and to the maintenance of the Reserve Fund hereinabove mentioned, a portion of the proceeds of the existing contract between the District and the San Joaquin Light & Power [503] Company dated February 21, 1924, and of any and all additional contracts with said San Joaquin Light & Power Company, or its successor in interest, amendatory of said existing contract or supplemental thereto. That the proceedings of said district in respect to the creation and maintenance of said Reserve Fund and the alloca-

tion of said portion of the proceeds of said contract between the District and said San Joaquin Light & Power Company to the payment of the principal and interest of said refunding bonds and to the maintenance of said Reserve Fund are, and each of them is, valid and in accordance with law, and the obligations imposed upon said district pursuant to said proceedings with respect to the creation and maintenance of said Reserve Fund and the allocation of the proceeds of said contract to the payment of the principal and interest of said refunding bonds and to the maintenance of said Reserve Fund are valid and legally binding upon said District.

And It Is Further Ordered, Adjudged and Decreed that each and all of said refunding bonds of said Merced Irrigation District, aggregating \$8,600,000 principal amount, designated "Second Refunding Issue," authorized at an election held on the 20th day of March, 1935, are valid and that both principal and interest of said refunding bonds of said Second Refunding Issue are payable in accordance with the provisions of Sections 33 and 39 of the California Irrigation District Act and the provisions of Section 11 of said Act of May 5, 1917, as amended, and that the bonds of said Second Refunding Issue, and the interest coupons attached thereto, are and each of them is in all respects valid, and that the full faith and credit of said district are pledged for the payment of the same in accordance with the provisions of Section 33 and 39 of the California Irrigation District Act and the

provisions of Section 11 of said Act of May 5, 1917, as amended, and that said district has duly and regularly created said Reserve Fund and duly and regularly allocated certain of said power revenues, as herein- [504] before set forth, and is and has been duly authorized to create said Reserve Fund and to make said power revenue allocation, and that the same, and each of them, are valid and binding obligations of said district.

And It Is Further Ordered, Adjudged and Decreed that said contract with the Reconstruction Finance Corporation as set forth in the resolution of the Board of Directors of Merced Irrigation District (Exhibit No. 12 to the complaint on file in this action) is valid and that said Merced Irrigation District is, and has been, duly authorized to enter into and execute the same and to carry out and perform the terms and conditions thereof.

Duly given and made in open court this 24th day of December, 1935.

STANLEY MURRAY,

Judge of the Superior Court.

Recorded, Dec. 24, 1935, in book T, page 328, of Judgments.

By CECILIA JOHNSON,

Deputy Clerk.

The exhibits which were referred to in the foregoing judgment are found as follows or are summarized as follows:

Exhibit 1 is at page 155 of Respondents' Exhibit "OO" herein.

Exhibit 2 is at page 180 of Respondents' Exhibit "OO".

Exhibit 3 is at page 192 of Respondents' Exhibit "OO".

Exhibit 4 is at page 194 of Respondents' Exhibit "OO".

Exhibit 5 is at page 183 of Respondents' Exhibit "OO".

Exhibit 6 is Order #54 of Districts Securities Commission and is Respondents' Exhibit "HH" in the Appendix. [See page 949.]

Exhibit 7 is a Resolution of the Board of Directors of [505] Merced Irrigation District dated February 19, 1935, calling special election of the electors of the district for March 20, 1935, to vote upon the proposition stated in paragraph VII of the foregoing judgment.

Exhibit 8 was an affidavit of publication of notice of special election.

Exhibit 9 was an affidavit of posting said notice.

Exhibit 10 was a copy of the canvass of the special election.

Exhibit 11 was a Resolution of the Board of Directors of Merced Irrigation District for issuance of refunding bonds, as follows:

Whereas, Merced Irrigation District is an irrigation district duly organized and existing under and subject to the provisions of the California Irrigation District Act; and

Whereas, Merced Irrigation District has heretofore duly authorized and issued an issue of its

bonds, designated "First Issue," in the aggregate principal amount of \$12,000,000 divided into four divisions as follows:

First Division, of the aggregate principal amount of \$3,120,000, consisting of 3281 bonds of the denominations of \$500 and \$100, all dated January 1, 1922, bearing interest at the rate of 6% per annum, payable semiannually on the 1st days of January and July of each year, maturing serially on January 1st in each of the years 1933 to 1950, both inclusive, of which division bonds in the principal amount of \$3,060,000 are now outstanding;

Second Division, of the aggregate principal amount of \$1,800,000, consisting of 1800 bonds of the denomination of \$1000 each, all dated January 1, 1922, bearing interest at the rate of 5½% per annum, payable semiannually on the 1st days of January and July of each year, maturing serially on January 1st in each of the years 1951 to 1953, both inclusive, of which division bonds in the principal amount of \$1,800,000 are now outstanding;

Third Division, of the aggregate principal amount of \$1,320,000, consisting of 1320 bonds of the denomination of \$1000 each, all dated January 1, 1922, bearing interest at the rate of 5½% per annum, payable semiannually on the 1st days of January and July of each year, maturing serially on January 1st in each of the years 1954 and 1955, of which division bonds

in the principal amount of \$1,320,000 are now outstanding; and

Fourth Division, of the aggregate principal amount of \$5,760,000, consisting of 5760 bonds of the denomination of \$1000 each, all dated January 1, 1922, bearing interest at the rate of 6% per annum, payable semiannually on the 1st days of January and July in each year, maturing serially on January 1st in each of the years 1956 to 1962, both inclusive, of which division bonds in the principal amount of \$5,760,000 are now outstanding; [506]

Whereas, said District has heretofore duly authorized and issued an issue of its bonds designated "Second Issue", in the aggregate principal amount of \$3,250,000, consisting of 3250 bonds of the denomination of \$1000 each, numbered B1 to B3250, inclusive, all dated May 1, 1924, bearing interest at the rate of 6% per annum, payable semiannually on the 1st days of January and July of each year, maturing serially on January 1st in each of the years 1937 to 1946, both inclusive, and in the years 1963 and 1964, of which issue bonds in the principal amount of \$3,250,000, are now outstanding; and

Whereas, said District has heretofore duly authorized and issued an issue of its bonds designated "Third Issue", in the aggregate principal amount of \$1,000,000, consisting of 1000 bonds of the denomination of \$1000 each, numbered C1 to C1000, inclusive, all dated April 1, 1926, bearing interest at the rate of 5½% per annum, payable semiannu-

ally on the 1st days of January and July of each year, maturing serially on January 1st in each of the years 1965 and 1966, of which issue bonds in the principal amount of \$1,000,000 are now outstanding; and

Whereas, pursuant to proceedings duly had and taken by the Board of Directors of said District an election was held in said District on the 22nd day of November, 1933, at which election the issuance of \$16,190,000 principal amount of bonds, to be designated "First Refunding Issue" of said District, was duly authorized by the electors of said District, none of which bonds have been issued or are outstanding; and

Whereas, said district by proceedings duly had and taken has duly and regularly canceled and annulled the authority granted to said district pursuant to said election held on said 22nd day of November, 1933, for the issuance of said \$16,190,000 principal [507] amount of bonds of said First Refunding Issue, pursuant to which said proceedings none of said refunding bonds of said First Refunding Issue are or will be authorized to be issued or outstanding; and

Whereas, on the 12th day of December, 1933, said Merced Irrigation District (hereinafter designated as the "District") duly filed with the Reconstruction Finance Corporation (hereinafter designated as the "Corporation"), its application (Docket No. Ref. 58) for a loan for the purpose of refunding

and refinancing the outstanding indebtedness of said District under the provisions of the Emergency Farm Mortgage Act of 1933, as amended; and

Whereas, on the 14th day of November, 1934, the said Corporation authorized a loan to or for the benefit of said District of not exceeding \$8,600,000, subject to all of the terms and conditions set forth in the resolution adopted by said Corporation hereinafter referred to; and

Whereas, on the 11th day of December, 1934, the Board of Directors of said District, by resolution, duly accepted said loan and agreed with said Reconstruction Finance Corporation to comply with, fulfill and carry out all the provisions, terms, conditions and requirements set forth in said resolution to be by said District carried out and fulfilled; and

Whereas, the Board of Directors of said District desiring to refund the outstanding bonds of said District above described, heretofore, to wit, on February 11, 1935, adopted a resolution setting forth a refunding plan (hereinafter sometimes called the "Plan") and directed that an application be filed with the California Districts Securities Commission for an order approving said Plan and the issuance of refunding bonds of said District in accordance with the provisions of the California Irrigation District Act [508] and acts amendatory thereof and supplemental thereto, including the Act of May 5, 1917 (Stats. 1917, p. 243, as amended); and

Whereas, the written application of said District for the approval of said Plan was thereafter duly filed with the California Districts Securities Commission and said Commission did thereafter, to wit, on or about the 15th day of February, 1935, by its Order No. 54, duly approve said Plan and authorized this Board of Directors to call and hold an election for the purpose of authorizing the issuance of refunding bonds pursuant to said plan; and

Whereas, by resolution duly adopted on the 19th day of February, 1935, this Board of Directors did call a special election to be held in said District on the 20th day of March, 1935, at which election there should be submitted to the electors of said District possessing the qualifications prescribed by the California Irrigation District Act the question of whether or not said District should enter into and execute a contract with the Reconstruction Finance Corporation, an Agency of the United States of America, for the issuance of refunding bonds in the principal amount of \$8,600,000, for the purpose of reducing and refinancing outstanding indebtedness of said District in accordance with and as provided for by said Corporation Resolution, and the said refunding plan duly adopted by the District and approved by the California Districts Securities Commission by its Order No. 54, dated February 15, 1935, such contract to provide for the setting up of an adequate reserve fund for delinquencies of assessment payments and to contain other appropriate provisions for effecting such reduction and

refinancing of all or a part of the indebtedness of the District, and also the question of the issuance of such bonds; and [509]

Whereas, notice of said election containing all of the matters required by law was duly published and posted in the manner and for the time required by law and said special election was duly held in accordance with law and with said resolution and order of this Board on said 20th day of March, 1935, and the polls at said election were kept open during the time required and specified by law and the said order of this Board of Directors, and the ballots used at said election were in the form prescribed by law and by said order of said election was duly called, held and conducted, and the votes thereat received and canvassed, and the returns thereof ascertained, determined and declared all as required by and in accordance with the California Irrigation District Act and the acts amendatory thereof and supplemental thereto, including said act of May 5, 1917 (Stats. 1917, p. 243, as amended) and said resolution and order of said Board of Directors; and

Whereas, at said election the proposition for execution of said contract with the Reconstruction Finance Corporation and the issuance of said refunding bonds received more than two-thirds of all of the votes cast thereat, and thereafter, to wit, on the 25th day of March, 1935 (the first Monday after said election), this Board of Directors met at its usual place of meeting, to wit, at the office of said

District in Merced, California, to canvass the returns of said election and at said meeting this Board found that all returns had been duly made and proceeded to canvass said returns, and found and determined and does hereby find and determine that said election had been duly and regularly called and held upon due notice, and that more than two-thirds of all of the votes cast at said election, to wit, 3925 votes cast thereat, were in favor [510] of the execution of said contract with the Reconstruction Finance Corporation and of the issuance of said refunding bonds, all in accordance with said Plan, and 41 votes cast thereat were against the execution of said contract and the issuance of said refunding bonds, and said Board of Directors at said time did also declare the result of said election and did duly and regularly cause the same to be entered of record; and

Whereas, this Board has duly executed a contract with the Reconstruction Finance Corporation in strict accordance with the terms of the Resolution of the Reconstruction Finance Corporation adopted November 14, 1934, and has agreed to sell and deliver to said Reconstruction Finance Corporation said \$8,600,000 principal amount of its refunding bonds at the price of par and accrued interest thereon; and

Whereas, it further appears to this Board that the purpose for which said refunding bonds were authorized to be issued was and is a lawful and

proper purpose for which refunding bonds of said District may be lawfully issued under the provisions of said California Irrigation District Act and the acts amendatory thereof and supplemental thereto, including said act of May 5, 1917 (Stats. 1917, p. 243, as amended), and that said refunding bonds when delivered will be the valid and legally binding obligations of said District, payable in accordance with their terms and the California Irrigation District Act and the acts amendatory thereof and supplemental thereto, including said act of May 5, 1917, (Stats. 1917, p. 243, as amended), from revenue derived from an annual assessment upon all of the land within said District (unless funds for such purpose shall otherwise be provided by said District) [511] and that all of such lands shall be and remain liable to be assessed for such payments in an amount sufficient to raise the interest due or that will become due upon all of such refunding bonds and also sufficient to pay the principal of all of such refunding bonds as the same matures, and also to create a reserve fund, and that all acts, conditions and things required by law to exist, happen and to be performed precedent to and in the issuance of said refunding bonds and the execution of said contract with the Reconstruction Finance Corporation have existed, happened and been performed in due time, form and manner as required by law, and that this Board of Directors is lawfully empowered to enter into and execute said contract

with the Reconstruction Finance Corporation and to issue such refunding bonds pursuant to the provisions of law and the proceedings heretofore taken.

Now, Therefore, The Board of Directors of Merced Irrigation District do hereby resolve, determine and declare:

1. That each and all of the matters hereinabove recited are true and correct.

2. That refunding bonds of Merced Irrigation District to be known as the "Second Refunding Issue" of refunding bonds of said District, of the aggregate principal amount of \$8,600,000 be issued by said District. All of said bonds shall be dated July 1, 1935, and shall bear interest at the rate of four (4) per cent. per annum, payable semiannually on January 1st and July 1st of each year, at the office of Bank of America National Trust and Savings Association, San Francisco, California. Such interest (unless said bonds be registered) shall be payable only upon presentation and surrender [512] of the respective interest coupons attached thereto, each of which shall represent six months' interest on the bond to which it is attached. The first interest coupon shall represent interest accruing on said refunding bonds from and including July 1, 1935, to January 1, 1936. Each of said coupons shall be numbered consecutively in the order of their respective maturity. Both the principal of and the interest on said refunding bonds shall be payable in lawful money of the United States of America. Said refunding bonds shall be 8,608 in

number, numbered from 1 to 8608, inclusive, whereof sixteen (16) bonds (being bonds Nos. 239, 366, 498, 635, 1079, 2140, 2553, 2772, 3000, 3237, 4282, 4870, 5505, 5842, 6935 and 7739) shall be of the denomination of \$500.00, and the remaining 8592 bonds shall be of the denomination of \$1000.00. Said refunding bonds shall mature and become payable as follows, to-wit:

<b>\$1000 Bonds Numbers</b>	<b>\$500.00 Bonds Numbers</b>	<b>Principal Payments</b>	<b>Maturity Dates</b>
1- 117		\$117,000.00	July 1, 1941
118- 238	239	121,500.00	July 1, 1942
240- 365	366	126,500.00	July 1, 1943
367- 497	498	131,500.00	July 1, 1944
499- 634	635	136,500.00	July 1, 1945
636- 777		142,000.00	July 1, 1946
778- 925		148,000.00	July 1, 1947
926-1078	1079	153,500.00	July 1, 1948
1080-1239		160,000.00	July 1, 1949
1240-1405		166,000.00	July 1, 1950
1406-1578		173,000.00	July 1, 1951
1579-1758		180,000.00	July 1, 1952
1759-1945		187,000.00	July 1, 1953
1946-2139	2140	194,500.00	July 1, 1954
2141-2342		202,000.00	July 1, 1955
2343-2552	2553	210,500.00	July 1, 1956
2554-2771	2772	218,500.00	July 1, 1957
2773-2999	3000	227,500.00	July 1, 1958
3001-3236	3237	236,500.00	July 1, 1959
3238-3483		246,000.00	July 1, 1960
<b>[513]</b>			
3484-3739		256,000.00	July 1, 1961
3740-4005		266,000.00	July 1, 1962
4006-4281	4282	276,500.00	July 1, 1963
4283-4570		288,000.00	July 1, 1964
4571-4869	4870	299,500.00	July 1, 1965
4871-5181		311,000.00	July 1, 1966

\$1000 Bonds Numbers	\$500.00 Bonds Numbers	Principal Payments	Maturity Dates
5182-5504	5505	323,500.00	July 1, 1967
5506-5841	5842	336,500.00	July 1, 1968
5843-6192		350,000.00	July 1, 1969
6193-6556		364,000.00	July 1, 1970
6557-6934	6935	378,500.00	July 1, 1971
6936-7329		394,000.00	July 1, 1972
7330-7738	7739	409,500.00	July 1, 1973
7740-8165		426,000.00	July 1, 1974
8166-8608		443,000.00	July 1, 1975

3. (a) Said Second Refunding Issue of Bonds of Merced Irrigation District shall be in substantially the following form, the blanks being suitably filled in to indicate bond numbers, denominations, and maturity dates, viz:

(here inserted form of bond)

[514]

4. The President and the Secretary of the Board of Directors of Merced Irrigation District who may be in office at the date of said bonds, or at any time thereafter prior to the delivery of said bonds, and each of said officers, are hereby authorized and directed respectively as such officers to sign each of said bonds on behalf of said district, and the Secretary of said district is hereby authorized and directed to affix the seal of said district thereto, and said Secretary is further authorized and directed to sign each of the interest coupons either by his own hand or by lithographed or engraved facsimile of such signature, and such signing, countersigning and sealing shall be a sufficient and bind-

ing execution of said bonds and coupons by said district.

5. The Secretary of said district is directed to cause to be lithographed, printed or engraved a sufficient number of blank bonds and coupons of suitable quality and to cause the blank spaces thereof to be filled in to comply with the provisions hereof, and to procure their execution by the proper officers of this district, and to deliver them when so executed to the treasurer of said district who shall safely keep the same subject to the further order of this Board of Directors.

6. The full faith and credit of Merced Irrigation District are hereby pledged to each successive holder of any of said refunding bonds of said Second Refunding Issue, for the payment of the principal of each of said refunding bonds and the interest thereon as it falls due. Each successive [515] owner and holder of said refunding bonds, or any of them, shall be entitled to rely upon the representations herein set forth and it is hereby certified, recited and declared that each and all of the matters herein recited and set forth are true and are correct and are for the direct benefit of each and all of the holders and owners of the present outstanding bonds of said district to be refunded hereby. All of said refunding bonds of said Second Refunding Issue shall be issued under and pursuant to the provisions of Sections 32-a, 32-b, 32-c, 32-d and 32-e, inclusive, of the California Irrigation District Act, and under and pursuant to the provisions of an act

of the Legislature of the State of California approved May 5, 1917 (Stats. 1917, p. 243, as amended), and none of said bonds shall be subject to the provisions of Section 11 of the California Districts Securities Commission Act. Both the principal of said refunding bonds of said Second Refunding Issue herein authorized to be issued, and the interest accruing thereon, shall be paid from revenue derived from an annual assessment upon the lands within said Merced Irrigation District (unless funds for such purpose shall otherwise be provided by said district), and all of the land within said district shall be and remain liable to be assessed for such payments in an amount sufficient to raise the interest due or that will become due on all of the refunding bonds of said Second Refunding Issue then outstanding as the same becomes due and payable in accordance with their terms, and also sufficient to pay the principal of all of the refunding bonds of said Second Refunding Issue as the same matures, and also sufficient to create a Reserve Fund as herein provided. The Board of [516] Directors of Merced Irrigation District hereby makes provision for the levy and collection of annual assessments upon all of the lands within said district in accordance with the provisions of Section 39 of the California Irrigation District Act and the provisions of Section 11 of said act of May 5, 1917, as amended by Stats. 1933, p. 2395, now in force, in amounts clearly sufficient to pay the principal of each of the refunding bonds and the cou-

pons attached thereto of said Second Refunding Issue as the same respectively become due, and to create a Reserve Fund, which provision shall inure to the benefit of each successive holder of any of said refunding bonds of said Second Refunding Issue and shall be irrevocable so long as any of said Refunding Bonds and the respective interest coupons shall be outstanding and unpaid.

7. A Reserve Fund is hereby created into which shall be deposited from time to time such sums as may be raised by assessments upon the lands in the district (unless funds for such purpose shall otherwise be provided by said district), up to but not in excess of \$461,000.00. The moneys in said Reserve Fund shall be used:

(a) For the purpose of paying interest on any of the refunding bonds whenever by reason of delinquencies in the payment of assessments levied upon the lands in the District for the payment of such interest, the moneys in the Bond Interest Fund of the District are insufficient to make such payments; and

(b) For the purpose of paying the whole, or any part, of the principal of any of said refunding bonds as the same mature, whenever by reason of delinquencies in the payment of assessments levied for that purpose the moneys in the Bond Principal Fund of the District are insufficient to make such payments. [517]

Under no circumstances shall any of the moneys in the Reserve Fund be used for ordinary opera-

tion and maintenance of the district, nor shall any of the moneys in said Reserve Fund be transferred to any other fund or used for any purpose other than the purposes hereinabove specified in the preceding subparagraphs (a) and (b) of this Section 7.

Whenever any moneys are withdrawn from the Reserve Fund, the district shall cause to be levied and collected, on all of the lands in the district, an assessment in such amount as will be sufficient to repay to the Reserve Fund the moneys so withdrawn therefrom, unless funds are otherwise provided therefor by said district. For the purpose of initially creating and building up said Reserve Fund, the following amounts shall be levied or otherwise provided by said district in the following years:

1935-1936 .....	\$92,200.00
1936-1937 .....	92,200.00
1937-1938 .....	92,200.00
1938-1939 .....	92,200.00
1939-1940 .....	92,200.00

provided, however, that if in any fiscal year the District shall deposit in said Reserve Fund any amount in excess of \$92,200, it shall be entitled to take credit in any following years for the amount of the excess so deposited and the amount of the levy herein required to be made for such subsequent year or years shall be decreased by an amount equal to the anticipated or excess payment previously made in any such prior fiscal year or years;

and provided further, that should the amount deposited in such reserve fund in any fiscal year above designated be less than \$92,200, then additional levy shall be made the following year in sufficient amount to realize such deficit over and above the annual contribu- [518] tion of \$92,200. The district shall not be required, however, to maintain in said Reserve Fund any moneys in excess of the principal amount of the refunding bonds outstanding plus one year's interest thereon, and no further moneys need be deposited in said Reserve Fund after all of the refunding bonds authorized to be issued hereunder have been fully paid and discharged.

8. In accordance with the provisions of Sections 32-a, 32-b, 32-c, 32-d and 32-e of the California Irrigation District Act and Section 11 of said Act of May 5, 1917, as amended by Statutes of 1933, page 2395, now in force, there is hereby allocated to the payment of the principal and interest of said refunding bonds and to the maintenance of said Reserve Fund provided for in Paragraph 7 of this resolution, a portion (as hereinafter defined) of the proceeds of the existing contract between the District and the San Joaquin Light & Power Company dated February 21, 1924 (hereinafter called the "power contract"), and also any and all renewals and additional contracts with said San Joaquin Light & Power Company or its successor in interest, amendatory of said existing contract or supplemental thereto, and all of such portion of the pro-

ceeds of such existing power contract or supplemental thereto shall be applied solely to the payment of the obligations specified in this resolution. Such allocation shall be, and is hereby, made for the exclusive benefit of the refunding bonds authorized to be issued pursuant to this resolution and such allocation shall be irrevocable until all of said refunding bonds and their appurtenant coupons herein authorized to be issued shall have been paid or retired. The portion of the proceeds of the existing power contract (said term as used in this resolution being deemed to include any and all renewals and additional contracts with said San Joaquin Light & Power Company [519] or any successor, amendatory of said existing contract or supplemental thereto) which is hereby allocated for the purposes in this resolution stated, is hereby defined to be that portion of the proceeds received from said power contract by the District in each calendar year commencing January 1, 1936 except the first \$100,000 thereof and except any amount in excess of \$575,000 in each such calendar year, to be ascertained and determined in each such calendar year as follows, to-wit

(a) Until January 1, 1936 none of the proceeds of said power contract paid prior to January 1, 1936 shall be deemed to have been allocated for the purposes in this resolution stated and all of such proceeds shall be retained by the District and used for any district purpose;

(b) All of the proceeds of said power contract received by the District after January 1, 1936, up to but not in excess of the first \$100,000 in each calendar year commencing January 1, 1936, shall be held and applied by the District for any district purpose;

(c) All of the proceeds of said power contract received by the District in any such calendar year subsequent to January 1, 1936, in excess of the first \$100,000 but not in excess of \$475,000 in any such calendar year, shall be, and are hereby, allocated for the purposes in this resolution stated and none of such moneys shall be used or applied by the District except as in this resolution provided;

(d) All of the proceeds of said power contract in each calendar year subsequent to January 1, 1936 in excess of (i) the first \$100,000 thereof and (ii) the next \$475,000 thereof, shall be held and applied by the District for any district purpose. [520]

Said portion of the proceeds of said power contract hereby allocated to the payment of the obligations specified in this resolution shall be used and applied by said District as follows:

(aa) To the replenishment of the reserve fund provided for in Paragraph 7 of this resolution, for any withdrawals made therefrom by the District, unless said reserve fund shall be otherwise replenished from assessments levied and collected for that purpose;

(bb) To the extent that said moneys are not deposited in said Reserve Fund for the re-

plenishment thereof, the same shall be deposited in the Bond Interest Fund or Bond Principal Fund for the payment of principal and interest of said refunding bonds herein authorized to be issued, unless all principal and interest requirements for the then current year shall have been otherwise provided for by assessments levied upon the lands in the District;

(cc) To the extent that said moneys are not required for either of the purposes stated in subparagraphs (aa) and (bb) hereof, in any calendar year, the same shall be applied by the District to the purchase of said refunding bonds herein authorized to be issued, if any, then held by the Reconstruction Finance Corporation at the price of not exceeding the face value thereof and accrued interest to date of purchase; provided that if none of said refunding [521] bonds are then held by the Reconstruction Finance Corporation, said moneys shall be applied by the District to the purchase of any of said refunding bonds in the open market at the best price obtainable, but in no event exceeding the face value thereof and accrued interest to date of purchase; provided, however, that if the District shall duly and punctually pay in any calendar year (hereby defined as the "then current calendar year") the principal and interest requirements of the refunding bonds herein authorized to be issued, for such year

and following such payment there shall remain in the Reserve Fund an amount equal to the aggregate principal and interest requirements of the refunding bonds for the next ensuing calendar year, then all of the proceeds of said power revenues for such then current calendar year herein allocated to the payment of the principal and interest of said refunding bonds may be deposited by the District in the Bond Interest Fund or Bond Principal Fund for the payment of interest or principal of said refunding bonds to become due in said next ensuing calendar year and the amount of such deposits may be deducted from any amounts required to be raised by assessments upon the lands in the District for the payment of principal and interest of said refunding bonds in said next ensuing calendar year. Any proceeds of the power revenues so deposited by the District in the Bond Principal Fund or Bond Interest Fund shall be deemed to have been irrevocably allocated to the payment of principal or interest of said refunding bonds and shall not be withdrawn from said funds or used for any purpose other than the payment of principal and interest of said refunding bonds. [522]

Nothing in this resolution contained shall be construed or deemed to provide for the payment of said refunding bonds, either as to principal or interest or any portion thereof, solely from that portion of the proceeds of said power contract which

is hereby allocated to said refunding bonds, and such allocation shall be deemed to have been, and hereby is, made in addition to and supplemental to the obligation of the District to provide for the payment of said refunding bonds and the interest thereon and for the creation of a Reserve Fund from assessments upon the lands in said District as in this resolution provided, and for the purpose of providing further security for said refunding bonds.

9. The Board of Directors hereby declares that it deems it desirable that all of said refunding bonds of said Second Refunding Issue shall be made available for the purposes provided for in Section 9 of the California Districts Securities Commission Act, and the California Districts Securities Commission is hereby requested to make or cause to be made an investigation into the affairs of this District and to report thereon in writing and to file the same with the State Controller of the State of California, to the end that all of said bonds of said Second Refunding Issue may be certified by said State Controller as legal investments for trust funds and for the funds of all insurance companies, banks, both commercial and savings, trust companies, the State school funds and any funds which may be deposited as security for the performance of any act, whenever the bonds of any county, city, city and county or school district may be so deposited, and likewise be used as security for the deposit of public money in banks in the State of California. [523]

10. A copy of this resolution, duly certified by the Secretary of this District, shall be filed with the California Districts Securities Commission with a request that said Commission take such action to investigate into the affairs of the district and (a) to approve the terms and conditions of this resolution and of said refunding bonds, in so far as such approval may be required by law, and (b) to cause all of the bonds of said Second Refunding Issue to be certified by the State Controller of the State of California as aforesaid.

11. This resolution shall take effect immediately.

Adopted and Passed this 10th day of September 1935.

D. K. BARNELL,

President of the Board of Directors of Merced Irrigation District.

[Seal]

H. P. SARGENT,

Secretary of the Board of Directors of Merced Irrigation District.

Exhibit 12 was a resolution dated September 10, 1935, by the Board of Directors authorizing execution of bond purchase contract set forth therein, which contract is found at page 202 of Respondents' Exhibit "OO".

Exhibit 13 was a resolution of the Board of Directors dated September 10, 1935, ordering court proceedings to determine the validity of the said

contract with Reconstruction Finance Corporation and refunding bonds. [524]

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PETITIONER'S EXHIBIT NO. 15

was a resolution of Merced Irrigation District board adopting plan of composition, dated November 18, 1938, reading as follows:

RESOLUTION OF THE BOARD OF DIRECTORS OF MERCED IRRIGATION DISTRICT AUTHORIZING AND DIRECTING ITS REPRESENTATIVES TO INSTITUTE AND PROSECUTE TO A FINAL DETERMINATION AN ACTION OR PROCEEDING UNDER THE NATIONAL BANKRUPTCY ACT FOR THE PURPOSE OF READJUSTING THE DISTRICT'S OUTSTANDING BOND INDEBTEDNESS AND SETTING FORTH THE PLAN OF COMPOSITION OF SAID BOND INDEBTEDNESS.

Whereas, the territory within the Merced Irrigation District, all of which is located in Merced County, California, (hereinafter called "district"), consists of lands used principally for agricultural purposes and the district has completed and operates certain improvements and projects devoted chiefly to the improvement of the lands in said district for agricultural purposes, to-wit: The supplying of water for the irrigation of said lands and

providing for the drainage of said lands, where necessary, the cost of which was largely paid for out of the proceeds received from the sale of bonds issued and sold by the district for such purpose; and

Whereas, due to the general depression and adverse agricultural conditions existing throughout the United States for the last several years, and the consequent low market value of farm products, the production of farm products in this district has been without profit, the value thereof often being less than the cost of production, with the result that the owners have been and will be unable to pay the district taxes levied upon the lands therein for the purpose of paying the district's bond indebtedness as and when the installments of principal and interest thereof have matured or will mature; and

[525]

Whereas, by reason of such adverse agricultural conditions and accumulated delinquent taxes, the value of the lands in the district has greatly decreased; and

Whereas, the district, without success has made due and diligent effort to collect the taxes so levied by it upon the lands therein whereupon it became apparent that unless the outstanding bond indebtedness of the district was reduced and refinanced the burden of district taxes upon the lands therein would be greater than the value thereof; and

Whereas, there are now issued and outstanding bonds of Merced Irrigation District totaling the

sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) in principal amount, described as follows, to-wit:

(a) An issue of bonds designated as First Issue in the aggregate principal amount of Eleven Million Nine Hundred Forty Thousand Dollars (\$11,940,000.00) payable as follows:

1. Division First, all dated January 1, 1922, being in the aggregate principal amount of Three Million Sixty Thousand Dollars (\$3,060,000.00) bearing interest at the rate of six per cent (6%) per annum, payable semi-annually on the first day of January and the first day of July of each year, due serially from 1934 to 1950 (both inclusive).

2. Division Second, all dated January 1, 1922, being in the aggregate principal amount of One Million Eight Hundred Thousand Dollars (\$1,800,000.00), bearing interest at the rate of five and one-half per cent ( $5\frac{1}{2}\%$ ) per annum, payable semi-annually on the first day of January and the first day of July of each year, due serially from 1951 to 1953 (both inclusive).

3. Division Third, all dated January 1, 1922, [526] being in the aggregate principal amount of One Million Three Hundred Twenty Thousand Dollars (\$1,320,000.00), bearing interest at the rate of Five and one-half per cent ( $5\frac{1}{2}\%$ ) per annum, payable semi-annually on the first day of January

and the first day of July of each year, due serially from 1954 to 1955 (both inclusive).

4. Division Fourth, all dated January 1, 1922, being in the aggregate principal amount of Five Million Seven Hundred Sixty Thousand Dollars (\$5,760,000.00), bearing interest at the rate of six per cent (6%) per annum, payable semi-annually on the first day of January and the first day of July of each year, due serially from 1956 to 1962 (both inclusive).

(b) Issue of bonds designated as Second Issue, all dated May 1, 1924, in the aggregate principal amount of Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000.00), bearing interest at the rate of six per cent (6%) per annum, payable semi-annually, on the first day of January and the first day of July of each year, due serially from 1937 to 1964 (both inclusive).

(c) An issue of bonds designated as Third Issue, all dated April 1, 1926, in the aggregate principal amount of One Million Dollars (\$1,000,000.00), bearing interest at the rate of five and one-half per cent ( $5\frac{1}{2}\%$ ) per annum, payable semi-annually, on the first day of January and the first day of July of each year, due serially from 1965 to 1966 (both inclusive).

That all of said bonds have been duly issued under the provisions of said "California Irrigation

District Act" which said Act, together with the Act of the Legislature of [527] the State of California, approved June 19, 1931, page 2263, as amended, provide for the method of levying assessments by petitioner upon the lands located therein for the purpose of paying the principal amounts of, and interest on said bonds and for other purposes; and

Whereas, said bond indebtedness and the interest thereon due as of July 1, 1933, and subsequently, is unpaid and in default; and

Whereas, said district is unable to pay said bond indebtedness or its debts as they mature unless said bond indebtedness is readjusted as hereinafter provided; and

Whereas, said district does not own, hold or control any of the bonds or interest coupons appurtenant thereto constituting any of said bond indebtedness; and

Whereas, heretofore, the Reconstruction Finance Corporation, Washington, D. C., an agency of the United States of America, allocated certain funds for the purpose of assisting Merced Irrigation District to refinance its bond indebtedness under the plan of composition hereafter described and said district has heretofore, after proceedings to that end duly had and taken, authorized the issuance and delivery of refunding bonds hereinafter referred to and necessary to carry out said plan of readjustment; and

Whereas, the terms and conditions governing the relations between the Reconstruction Finance Cor-

poration and the Merced Irrigation District; the purchase of presently outstanding old bonds of Merced Irrigation District by the Reconstruction Finance Corporation; the exchange of old bonds purchased by the Reconstruction Finance Corporation for refunding bonds of the Merced Irrigation District; the terms and provisions of said refunding bonds and their issuance and payment by Merced Irrigation District, are set forth in the following resolutions and contracts, to-wit: [528]

1. Resolution of Reconstruction Finance Corporation, dated November 14, 1934, awarding loan to Merced Irrigation District and setting forth the terms and conditions thereof, and certain resolutions of Reconstruction Finance Corporation amendatory thereof and supplemental thereto, all of which resolutions were duly accepted by Merced Irrigation District;

2. Contract duly entered into by and between Reconstruction Finance Corporation and Merced Irrigation District, dated August 14, 1935;

3. Contract duly entered into between Merced Irrigation District and Reconstruction Finance Corporation, dated September 16, 1935; and

Whereas, the plan of composition hereinafter set forth has been determined by the district to be fair and equitable to both the holders of its outstanding bonds and to the owners of the lands within the dis-

trict and to be based upon what said district and the lands thereof shall be able to pay; and

Whereas, it is impossible for the district to consummate said plan unless it institutes and prosecutes to final determination an action or proceeding in the District Court of the United States, in and for the Southern District of California, Northern Division, (hereinafter called "court") pursuant to the Provisions of Chapter X of the National Bankruptcy Act approved July 1, 1898, as amended by Public No. 302, 75th Congress, approved August 16, 1937, whereby all of the district's outstanding bond indebtedness will be readjusted and refinanced in accordance with the plan of composition therefor as hereinafter set forth;

Now, Therefore, Be It

Resolved, that the following plan of composition of the bond indebtedness of said district be adopted, approved and [529] confirmed as follows, to-wit:

That outstanding bonds of said district in the total principal sum of Sixteen Million, One Hundred Ninety Thousand Dollars (\$16,190,000.00), with all interest coupons appurtenant thereto and right to interest due on said bonds as of July 1, 1933, and subsequently thereto, be retired by the payment in cash for each bond of a sum equal to 51.501 cents for each dollar of principal amount thereof. If any bond be presented with any appurtenant interest coupon maturing on or before July 1, 1934, miss-

ing, there shall be deducted from the amount payable thereon 44.78 cents for each dollar of the face amount of such missing coupon, and if any bond be presented with any appurtenant unpaid interest coupon maturing subsequent to July 1, 1934, missing, there shall be deducted from the amount payable thereon a sum equal to the full face value of such missing coupon; provided, however, that where deductions are made on account of missing coupons and thereafter such missing coupons are presented, there shall be paid to the holder thereof an amount equal to the sums which were originally deducted from the sum paid on account of such bonds to which such coupons appertained. That such payment be made out of a loan of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) heretofore authorized and allocated for that purpose by the Reconstruction Finance Corporation, an agency of the United States of America to or for the benefit of the Merced Irrigation District. That to evidence said loan Merced Irrigation District issue and deliver its refunding bonds in the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) to said Reconstruction Finance Corporation and accept in exchange for all or any part thereof, on the basis aforesaid, such bonds of petitioner held or purchased by said Recon-

struction Finance Corporation, to the end that the district will reduce its outstanding bond indebtedness from the principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) to the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90), bearing interest at the rate of four per cent (4%) per annum.

The district, therefore, by such plan of composition proposes and offers the holders of its outstanding bonds cash equal to 51.501 cents for each dollar of principal amount of said bonds upon surrender of such bonds and all interest coupons and right to interest appurtenant thereto which matured or became due July 1, 1933, and subsequently thereto. In the alternative, the details of the above plan may be reasonably modified in such particulars as the Court deems just and proper, and as may be acceptable to the Reconstruction Finance Corporation and the President and Secretary of the district; and [530]

Be It Further Resolved that Messrs. C. Ray Robinson, Hugh K. Landram, Stephen W. Downey and Downey, Brand and Seymour, as attorneys for this District be, and they are hereby authorized and directed to file in the District Court of the United States for the Southern District of California a petition as provided in the National Bankruptcy

Act for the confirmation of said plan for the composition of the bond indebtedness of this District and that the President and Secretary of this Board, or either of them be, and they are hereby authorized and directed to sign and verify said petition in the name of and on behalf of said District and to execute in the name of said District such instruments as may be necessary or proper to obtain the confirmation of said plan and that said attorneys and officers be, and they are hereby authorized to take such other and further action and proceedings on behalf of this District as may be necessary to obtain the confirmation of said plan. [531]

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#### PETITIONER'S EXHIBIT NO. 16

was acceptance of plan of composition of debts of Merced Irrigation District, as follows:

Whereas, this Corporation has purchased and now holds bonds aggregating in principal amount \$14,686,000 of Merced Irrigation District, Merced California; and

Whereas, the total of said bonds held by this Corporation as purchaser is in an amount exceeding 90% of the bonded indebtedness of said District; and

Whereas, said District desires to file a Petition in the United States District Court, under the provisions of Section 81, 82 and 83 of an Act of Congress of the United States entitled, "An Act to Establish

a Uniform System of Bankruptcy throughout the United States'', approved July 1, 1898, as amended, in order to effect a plan of composition of its outstanding indebtedness; and

Whereas, the Board of Directors of said District adopted a plan of composition of its outstanding indebtedness on the basis and including the terms and conditions as follows:

That outstanding bonds of said district in the total principal sum of Sixteen Million, One Hundred Ninety Thousand Dollars (\$16,190,000.00), with all interest coupons appurtenant thereto and right to interest due on said bonds as of July 1, 1933, and subsequently thereto, be retired by the payment in cash for each bond of a sum equal to 51.501 cents for each dollar of principal amount thereof. If any bond be presented with any appurtenant interest coupon maturing on or before July 1, 1934, missing, there shall be deducted from the amount payable thereon 44.78 cents for each dollar of the face amount of such missing coupon, and if any bond be presented with any appurtenant unpaid interest coupon maturing subsequent to July 1, 1934, missing, there shall be deducted from the amount payable thereon a sum equal to the full face value of such missing coupon; provided, however, that where deductions are made on account of missing coupons and thereafter such missing coupons are presented, there shall be paid to the holder thereof an [532]

amount equal to the sums which were originally deducted from the sum paid on account of such bonds to which such coupons appertained. That such payment be made out of a loan of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) heretofore authorized and allocated for that purpose by the Reconstruction Finance Corporation, an agency of the United States of America to or for the benefit of the Merced Irrigation District. That to evidence said loan Merced Irrigation District issue and deliver its refunding bonds in the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) to said Reconstruction Finance Corporation and accept in exchange for all or any part thereof on the basis aforesaid, such bonds of petitioner held or purchased by said Reconstruction Finance Corporation, to the end that the district will reduce its outstanding bond indebtedness from the principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) to the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) bearing interest at the rate of four per cent (4%) per annum.

The district, therefore, by such plan of composition proposes and offers the holders of its outstanding bonds cash equal to 51.501 cents

for each dollar of principal amount of said bonds upon surrender of such bonds and all interest coupons and right to interest appurtenant thereto which matured or became due July 1, 1933, and subsequently thereto. In the alternative, the details of the above plan may be reasonably modified in such particulars as the Court deems just and proper, and as may be acceptable to the Reconstruction Finance Corporation and the President and Secretary of the district; and

Whereas, such plan of composition appears to be fair, just and reasonable, and adopted in good faith on the part of such District, and has been approved by the Division Chief or Acting Chief of the Drainage, Levee and Irrigation Division and Counsel for this Corporation; and

Whereas, its adoption by Reconstruction Finance Corporation appears advisable;

Now, Therefore, by reason of the foregoing facts, and on the recommendation of the Division Chief or Acting Chief, such proposed plan of composition submitted by the Board of Directors of Merced Irrigation District, Merced, California, be and hereby is approved and accepted by Reconstruction Finance Corporation. [533]

And Reconstruction Finance Corporation consents that such District may file its petition for composition of its indebtedness in the United States District Court, as provided by the Act of

Congress entitled, "An Act to Establish a Uniform System of Bankruptcy throughout the United States", approved July 1, 1898, and Acts amendatory thereto. [534]

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## PETITIONER'S EXHIBIT NO. 17

### COMPLAINT

This exhibit was a copy of complaint, entitled Reconstruction Finance Corporation, Plaintiff, vs. Merced Irrigation District, Defendant, in the Superior Court of the State of California, in and for the County of Merced, being Action Number 11608 therein. The complaint was dated June 10, 1937, and was unverified and was signed by Brobeck, Phleger and Harrison as attorneys for plaintiff.

The complaint stated that the Merced Irrigation District had issued certain interest bearing bonds in the amount of \$16,190,000, being the first, second, and third bond issues, and that the plaintiff is the owner and holder of certain of said bonds described in an exhibit attached to the complaint and that the plaintiff is also the owner and holder of all coupons maturing July 1, 1933, and thereafter, attached to and evidencing interest payable upon said bonds; that before the action was filed, and on or after the dates when the same became due, all matured bonds and matured interest coupons belonging to both the unmatured and matured bonds of plaintiff were presented for payment to the treasurer of

the district, and that payment was refused, and that no part of the face amount of said bonds or said coupons have been paid and no part of the interest due on the face amount of said bonds or said coupons or any of them had been paid, and that no notice had been given that funds are available for the payment thereof; that all of the bonds were duly registered as to ownership in the name of Reconstruction Finance Corporation, pursuant to the statute in such cases made and provided, and thereupon all interest coupons were detached from said bonds, and that interest had matured and is accruing on the bonds so registered as to ownership as provided by law; that a controversy exists between the parties as to the respective right and duties of the plaintiff and defend- [535] ant in connection with the payment of matured bonds and coupons and interest.

The prayer of the complaint demanded judgment for \$234,000, the face amount of matured bonds; \$2,492,072.50, the face amount of matured coupons; \$926,862.50, the principal amount of matured interest on bonds registered for ownership in the name of the Reconstruction Finance Corporation; interest at 7% from date of presentation of the bonds and coupons, on the face amount of the bonds and coupons; that the court fix and declare the respective rights and duties of plaintiff and defendant; and for costs of suit and such other relief as might be proper.

Attached to said complaint was a schedule, as stated in the complaint, setting forth the matters there referred to. [536]

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## PETITIONER'S EXHIBIT NO. 18

### RESOLUTION

This exhibit was a resolution of the Board of Directors of Merced Irrigation District, dated June 15, 1937, reciting that whereas the Reconstruction Finance Corporation is the owner of certain bonds of the Merced Irrigation District which were described in an exhibit attached to the resolution, and which exhibit set forth the principal amount of bonds in the total sum of \$14,640,000 being bonds of the first, second, and third issues of the district, and further reciting that the Reconstruction Finance Corporation is also the owner of all interest coupons maturing July 1, 1933, and thereafter, appurtenant to said bonds, and interest that became due subsequent to June 30, 1933, on bonds that have been registered as to ownership in the name of the Reconstruction Finance Corporation, and further recited whereas none of said bondholders have been paid and that it is desired to acknowledge said bonds and coupons and interest and to waive any defense thereto, based upon the statute of limitations and the resolution then declared:

“Now, Therefore, Be It Resolved that Merced Irrigation District acknowledge the exist-

ence of the indebtedness of said District to Reconstruction Finance Corporation evidenced by said bonds, the numbers, issue, division, dates, dates of maturity and principal amount of said bonds being set forth on the list hereto attached marked "Exhibit A" and hereby made a part of this resolution. Said irrigation district further acknowledges the existence of the indebtedness on all coupons maturing July 1, 1933, and thereafter, appurtenant to or evidencing interest payable upon said bonds now held by Reconstruction Finance Corporation, and on all interest that has become due, subsequent to June 30, 1933, on bonds that have been registered as to ownership in the name of the Reconstruction Finance Corporation (all coupons maturing subsequent to date of registration having been detached from said bonds in accordance with law).

Merced Irrigation District further waives all defenses as to the statute of limitations with respect to said bonds, coupons and interest and with respect to any other of its bonds or coupons held by Reconstruction Finance Corporation." [537]

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#### PETITIONER'S EXHIBIT NO. 19

was a letter from the Reconstruction Finance Corporation, dated Aug. 24, 1938, addressed to H. P. Sargent, Secretary, Merced Irrigation District,

signed by Frank J. Keenan, Chief, Drainage Levee & Irrigation System, reading as follows:

“This will acknowledge receipt of your letter of August 17th, advising that \$8,000 of additional old bonds are being presented for refinancing.

“We have already forwarded instructions to the Federal Reserve Bank of San Francisco for the purchase of additional old securities, and you no doubt have a copy of our instructions by this time.” [538]

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#### PETITIONER'S EXHIBIT NO. 20

was a letter of Mr. Keenan of the Reconstruction Finance Corporation to Merced Irrigation District, dated July 1, 1938, reading as follows:

“This is to thank you for your letter of June 24th, enclosing Supplement No. 18 to Exhibit “A”, listing bond No. 11613 in the principal amount of \$1,000. I note that this bond has been forwarded to the Federal Reserve Bank of San Francisco.

“The Federal Reserve Bank has been instructed to purchase bonds of this district presented for payment prior to July 30, 1938. You will probably be advised within the next few days that this bond has been taken up.” [539]

PETITIONER'S EXHIBIT NO. 21

This was a group of letters from the Merced Irrigation District by its secretary to Frank J. Keenan as financial advisor of the drainage, levy and irrigation division of the Reconstruction Finance Corporation, and of letters from the last named to Mr. H. P. Sargent as secretary of the Merced Irrigation District between the dates from November 5, 1935, to June 26, 1937.

Letter of November 5, 1935, from Mr. Sargent to Mr. Keenan, as follows:

“Enclosed herein you will find Exhibit “A” Supplement #5 containing a list of \$76,000 principal sum of Merced bonds. This Exhibit “A” covers all bonds received since October 4, 1935, the date of distribution by the Federal Reserve Bank purchasing all bonds on deposit at that date.

The Federal Reserve Bank of San Francisco, in accordance with your instructions, have made disbursement on the \$76,000 bonds contained in this Exhibit, and are continuing to receive bonds in accordance with your instructions.”

Letter of November 12, 1935, from Keenan to Sargent, as follows:

“This will acknowledge receipt of your favor of November 5, 1935, enclosing Exhibit “A” Supplement #5 containing a list of bonds of the Merced Irrigation District in the sum of

\$76,000 which were deposited subsequent to October 4, 1935."

Letter of November 26, 1935, from Sargent to Keenan as follows:

"Attached hereto you will find Exhibit A, Supplement #6, containing a list of \$47,000.00 par sum of Merced Irrigation District bonds. This Exhibit A covers all bonds received by the Federal Reserve Bank since November 5, 1935, and up to November 21, 1935.

"The Federal Reserve Bank of San Francisco, has made distribution on the \$47,000.00 of bonds contained in this exhibit."

Letter of December 3, 1935, from Keenan to Sargent as follows:

"This will acknowledge receipt of your letter dated November 26 transmitting Supplement No. 6 to Exhibit A, containing list of \$47,000 par value Merced Irrigation District bonds which have been forwarded to the Federal Reserve Bank for purchase."

Letter of December 7, 1935, from Sargent to Keenan as follows:

"Attached hereto you will find Exhibit A, Supplement #7, containing a list of \$71,000.00 principal sum of Merced [540] Irrigation District bonds, which were purchased for your account through the Federal Reserve Bank, of San Francisco, on December 4th, 1935."

Letter of December 16, 1935, from Keenan to Sargent as follows:

“This will acknowledge receipt of your letter dated December 7th, transmitting Supplement “7” to Exhibit “A” containing a list of the \$71,000.00 principal amount of Merced Irrigation District bonds which were purchased by the Federal Reserve Bank of San Francisco on December 4th.”

Letter of December 17, 1935, from Sargent to Keenan as follows:

“On Exhibit A reference is made to bonds numbered #3771, 4268 to 4271 inclusive, 5022 to 5024 inclusive, 5479, and 5881 to 5882 of the first issue, which appear on said Exhibit A with deduction made for coupons missing on said bonds dated July 1, 1933.

“These bonds were sold to the Reconstruction Finance Corporation under the cash offer plan by Mrs. Mary Eva Butin, of Madera, California. These coupons had been clipped from the bonds prior to their presentation and through inadvertence were not attached to the bonds before their sale. The Security First National Bank of Los Angeles handled the transaction and deposited her bonds for sale under the plan without these coupons, and when distribution was made by the Federal Reserve Bank in accordance with terms of the plan, a deduction of \$135.46 was made, being at the

rate of 44.78% of the face amount of the coupons.

“Mrs. Butin has these coupons in her possession and has had at all times, and it was through inadvertence that they were not attached to the bonds when sold. She is anxious to turn these coupons in and receive the amount that was deducted; to-wit, \$135.46, but under your instructions to the Federal Reserve Bank it would appear that this could not be done after September 30, 1935.

“The purpose of this letter is to ask if the Reconstruction Finance Corporation will modify its instructions to the Federal Reserve Bank pertaining to the deduction made for these missing coupons, and whether the Reconstruction Finance Corporation will now at this time accept these coupons and instruct said bank to pay Mrs. Butin the sum of \$135.46.”

Letter of December 28, 1935, from Keenan to Sargent as follows:

“Receipt is acknowledged of your letter dated December 17, 1935, regarding the purchase by this Corporation of coupons owned by Mrs. Mary Eva Butin. The time within which disbursements may be made in connection with our loan to the Merced Irrigation District has been extended to January 30, 1936, and the Federal Reserve Bank at San Francisco is being instructed accordingly, and the coupons

owned by Mrs. Butin may be purchased by the Federal Reserve Bank, at the same rate for which deductions were made, if presented on or before January 30, 1936."

Letter of December 23, 1935, from Sargent to Keenan as follows:

"Attached hereto you will find Supplement #8 Exhibit A, showing additional bonds deposited and on which distribution has [541] been made by the Federal Reserve Bank, up to and including December 19, 1935, in the principal amount of \$132,000.00."

Letter of February 11, 1936, from Keenan to Sargent as follows:

"This will acknowledge receipt of your letter dated January 31st, transmitting Supplement No. 10, Exhibit "A", containing description of bonds purchased by the Reconstruction Finance Corporation through the Federal Reserve Bank of San Francisco in the principal amount of \$10,000 plus eleven interest coupons."

Letter of December 30, 1935, from Keenan to Sargent as follows:

"This will acknowledge receipt of your letter dated December 23rd, transmitting Supplement No. 8 to Exhibit A, covering \$132,000.00 principal amount of bonds."

Letter of January 4, 1936, from Sargent to Keenan, as follows:

“Attached hereto find Exhibit “A”, Supplement No. 9, on which are listed Merced Irrigation District Bonds on which the Federal Reserve Bank of San Francisco made distribution on December 31, 1935, in the principal amount of \$133,000.”

Letter of January 14, 1936, from Keenan to Sargent, as follows:

“This will acknowledge receipt of your letter of January 4, transmitting the Exhibit “A”, Supplement No. 9, containing the deposit of \$133,000.00 principal face amount of Merced Irrigation bonds which were purchased for the Federal Reserve Bank of San Francisco December 31, 1935.”

Letter of January 31, 1936, from Sargent to Keenan, as follows:

“Attached hereto you will find Supplement No. 10, Exhibit “A”, showing bonds purchased by the Reconstruction Finance Corporation through the Federal Reserve Bank of San Francisco up to and including January 30, 1936, in the principal sum of \$10,000, plus (11) bond interest coupons belonging to Mrs. Mary Eva Butin, Coupon No. 23 due July 1, 1936, which did not accompany her bonds when they were originally deposited.”

Letter of April 30, 1936, from Sargent to Keenan, as follows:

“Please find attached hereto Supplement No. 11 to Exhibit “A”, showing bonds purchased by the Reconstruction Finance Corporation through the Federal Reserve Bank of San Francisco, as of April 27, 1936, in the principal amount of \$53,000.”

Letter of May 6, 1936, from Emil Schram, Chief, Drainage Levee and Irrigation Division of Reconstruction Finance Corporation, to Sargent, as follows:

“This will acknowledge receipt of your letter dated April 30th, transmitting Supplement No. 11 to Exhibit “A”, containing record of bonds in the amount of \$53,000 purchased by the Federal Reserve Bank of San Francisco, as of April 27, 1936.” [542]

Letter of June 2, 1936, from Sargent to Schram, as follows:

“Attached is Supplement No. 12 to Exhibit “A”, showing bonds purchased by the Reconstruction Finance Corporation through the Federal Reserve Bank of San Francisco, as of May 29, 1936, in the principal amount of \$31,000.”

Letter of June 10, 1936, from Schram to Sargent as follows:

“This will acknowledge receipt of your letter of June 2nd, enclosing Supplement No. 12

to Exhibit "A", covering \$31,000 principal amount of bonds of the above captioned District purchased by this Corporation through the Federal Reserve Bank of San Francisco, as of May 29, 1936."

Telegram of June 23, 1937, from Sargent to Keenan as follows:

"Please forward at once necessary instructions to Federal Reserve Bank of San Francisco to purchase for account of Reconstruction Finance Corporation Forty One Thousand Par Value of Merced Old Securities in accordance with terms of original cash plan stop will it be proper to use same procedure for each deposit of bonds hereafter."

Telegram of June 26, 1937, from W. R. Satterfield, counsel for Reconstruction Finance Corporation, to Sargent, as follows:

"Retel Twenty Third we are preparing necessary instructions to Federal Reserve Bank authorizing purchase any outstanding bonds presented on or before July thirty one thirty seven accordance terms original disbursement instructions as amended." [543]

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#### PETITIONER'S EXHIBIT NO. 22

was the Merced Irrigation District legal tax rate for year 1939-40 under Section 39 Irrigation District Act, assuming the district should be required to levy such rate, reading as follows: [544]

Merced Irrigation District

LEGAL TAX RATE FOR YEAR 1939-40  
UNDER SEC. 39 IRRIGATION DISTRICT ACT

Bond Service Obligations	Bond Int. Coupons	Bond Principal	Total
Jan. 1, 1933 & Prior (Default)	\$ 17,905.		\$ 17,905.
July 1, 1933	475,400.		475,400.
Jan. 1, 1934	475,400.	\$ 63,000.	538,400.
July 1, 1934	473,510.		473,510.
Jan. 1, 1935	473,510.	67,000.	540,510.
July 1, 1935	471,500.		471,500.
Jan. 1, 1936	471,500.	71,000.	542,500.
July 1, 1936	469,370.		469,370.
Jan. 1, 1937	469,370.	85,000.	554,370.
July 1, 1937	466,820.		466,820.
Jan. 1, 1938	466,820.	100,000.	566,820.
July 1, 1938	463,820.		463,820.
Subtotal, Nov. 1, 1938	5,194,925.	386,000.	5,580,925.
Jan. 1, 1939 (Default)	463,820.	120,000.	583,820.
July 1, 1939	460,220.		460,220.
Jan. 1, 1940 (Maturing)	460,220.	140,000.	600,220.
July 1, 1940	456,020.		456,020.
Totals	\$7,035,205.	\$646,000.	\$7,681,205.
Plus—Accrued Interest on Registered Coupons & Bonds to Dec. 31, 1938 @ 7%.....			1,066,890.
Total Bond Service Obligations			\$8,748,095.
Less—Payments to R. F. C. to 7-1-39, inclusive.....		\$1,127,485.	
Available Cash Balance, Sept. 30, 1939 (Estimated)		1,200,000.	2,327,485.
Total Bond Service Obligations, Less Credits .....			6,420,610.

**Tax Levy Required (Rate \$68.83 per \$100.00 valuation)**

Gross Tax Rolls \$11,245,640. @ \$68.83		
Amount of Levy	7,553,658.	
Less—15% Allowance for Delinquent Taxes.....	1,133,048.	\$6,420,610.

**Note:****Default as of Nov. 1, 1938**

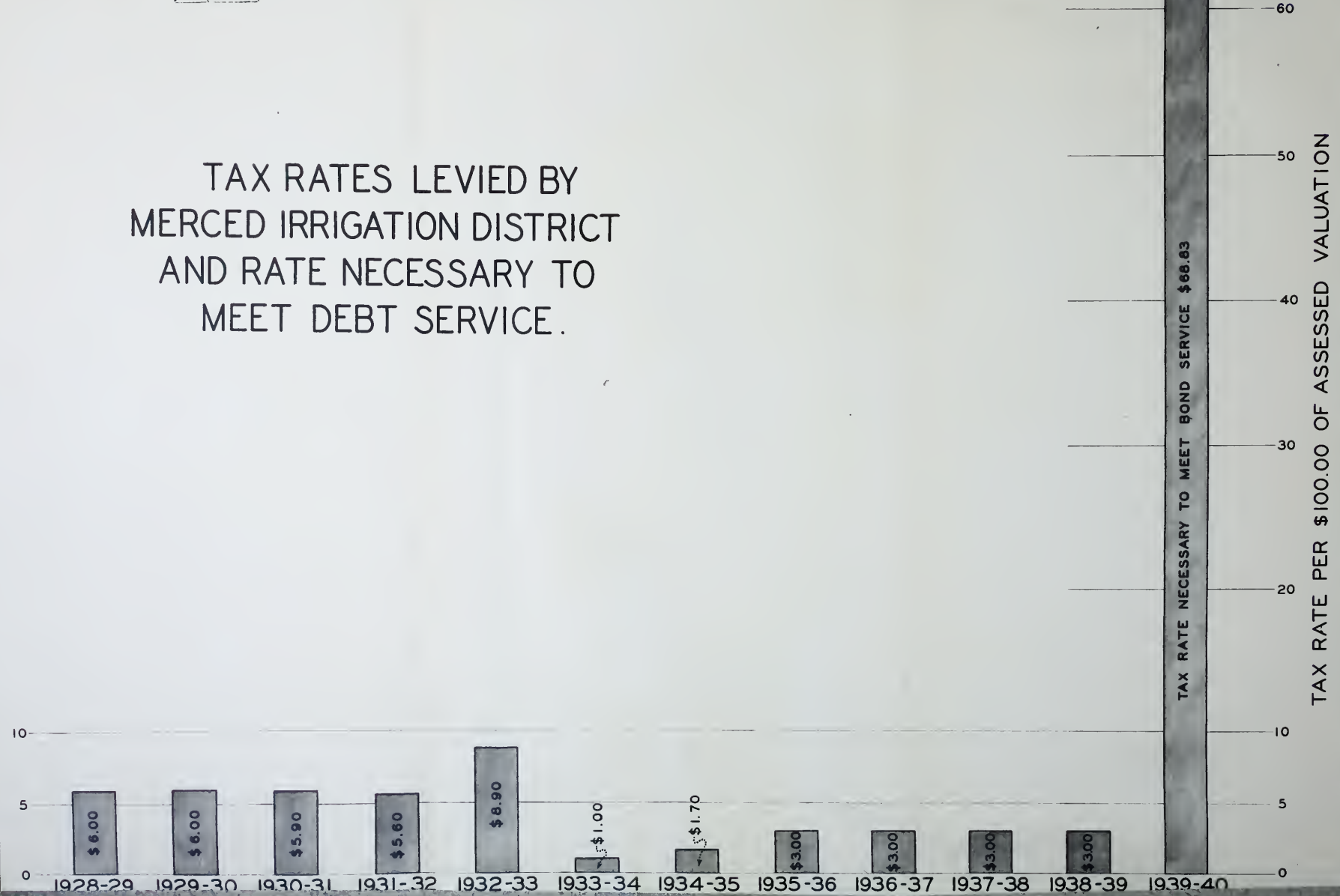
Bond Interest .....	5,194,925.	
Bond Principal .....	386,000.	5,580,925.
Int. on Reg. Coupons & Bonds.....		1,004,887.
		<u>\$6,585,812.</u>
		[545]

**PETITIONER'S EXHIBIT NO. 23**

The following is a photostat. This exhibit was a chart indicating tax rates.

No. 211.07  
S. S. 68  
to  
General Fund  
EXHIBIT  
No. 23  
Filed 11/3/1937  
R. S. JAMES  
by 11/2/37

TAX RATES LEVIED BY  
MERCED IRRIGATION DISTRICT  
AND RATE NECESSARY TO  
MEET DEBT SERVICE.



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PETITIONER'S EXHIBIT NO. 24

The following is a photostat. This exhibit was a chart representing bond service costs.



IN DEFAULT NOVEMBER 1, 1938.

BOND INTEREST

\$5,194,925

BOND PRINCIPAL

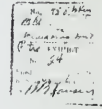
386,000

INTEREST ON REGISTERED COUPONS

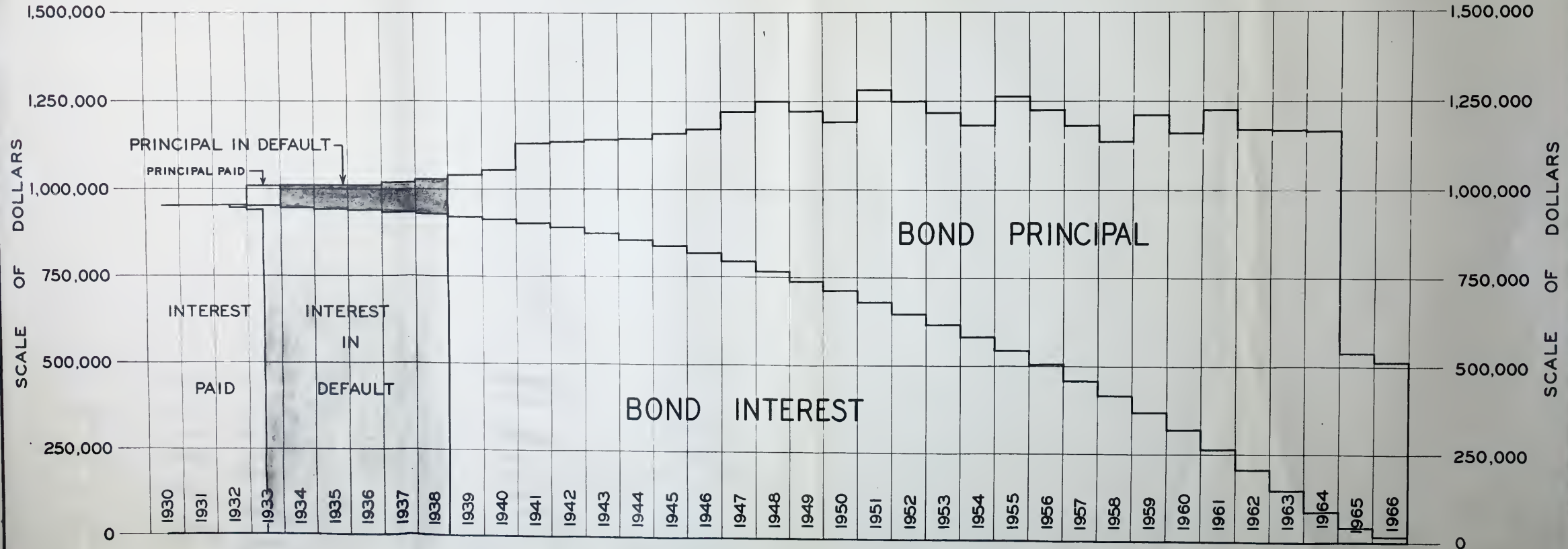
1,004,887

TOTAL

\$6,585,812



# BOND SERVICE COSTS AND DEFAULTS MERCED IRRIGATION DISTRICT





PETITIONER'S EXHIBIT NO. 25

was a record showing tax levies, resulting delinquencies and delinquencies made up, in Merced Irrigation District lands, as follows:

Merced Irrigation District

STATEMENT OF DELINQUENT TAX ROLLS  
AS OF NOVEMBER 1, 1938

	Valuation	Rate	Amount Levy	Less Current Tax Collections To Del. Date
1928-29	\$20,686,900.	6.00	\$1,242,393.00	\$1,124,143.10
1929-30	20,279,175.	6.00	1,216,750.50	1,099,654.86
1930-31	20,246,775.	5.90	1,194,585.35	983,988.46
1931-32	19,159,570.	5.60	1,071,567.84	670,206.25
1932-33	12,873,880.	8.90	1,148,483.04	427,294.48
1933-34	12,292,410.	1.00	123,044.10	84,068.84
1934-35	12,158,405.	1.70	206,690.00	169,411.84
1935-36	12,078,870.	3.00	362,409.85	304,671.16
1936-37	11,420,790.	3.00	342,946.70	311,784.00
1937-38	11,468,155.	3.00	344,044.65	320,516.17

Totals.....	\$7,252,915.03	\$5,495,749.16
-------------	----------------	----------------

Delinquent Last Monday June		Less Del. Tax Collections 7-1-29 to 11-1-38		Uncollected Balance	
Amount	Percent			Amount	Percent
		x 35.90			
1928-29	\$118,249.90 9.52	\$ 56,000.62		\$ 62,213.38	5.01
		x 1,707.56			
1929-30	117,095.64 9.62	46,003.11		69,384.97	5.70
		x 7,066.49			
1930-31	210,596.89 17.63	79,331.69		124,198.71	10.40
		x 26,415.40			
1931-32	401,361.59 37.45	225,411.21		149,534.98	13.95
		x 52,820.89			
1932-33	721,188.56 62.80	452,115.60		216,252.07	18.83

[548]

	Delinquent Last Monday June		Less Del. Tax Collections 7-1-29 to 11-1-33		Uncollected Balance	
	Amount	Percent			Amount	Percent
			x	2,949.03		
1933-34	\$38,975.26	31.67		18,106.43	17,919.80	14.56
			x	352.28		
1934-35	37,278.16	18.03		16,744.78	20,181.10	9.76
			x	235.22		
1935-36	57,738.69	15.93		21,760.40	35,743.07	9.82
1936-37	31,162.70	9.09		18,118.66	13,044.04	3.80
1937-38	23,528.48	6.84		3,974.41	19,554.07	5.68
Totals	\$1,757,175.87	25.09		\$1,029,149.68	\$728,026.19	10.04

	Plus		Less		Amount Delinquent 11-1-38
	Pen. & Costs Added	Lands Deeded	*Pen. & Costs Dropped		
1928-29	\$ 14,560.85	\$ 76,738.13	\$ 36.10	\$	
1929-30	13,570.67	78,611.79	1,034.46		3,309.39
1930-31	19,857.35	122,930.47	4,700.24		16,425.35
1931-32	47,337.08	134,010.63	18,117.03		44,744.40
1932-33	58,870.74	148,185.10	15,928.57		111,009.14
1933-34	4,793.00	14,782.31	1,430.68		6,498.81
1934-35	5,212.61	21,850.44	617.10		2,926.17
1935-36	5,908.21	35,951.63	393.96		5,305.69
1936-37	3,606.58	12,991.13	44.90		3,614.59
1937-38	2,926.98	10,193.86	24.80		12,262.39
Totals	\$176,644.07	\$656,245.49	\$42,327.84		\$206,096.93

\*Includes net adjustments of \$39.75, (cancellation of assessments, etc.)

xAmounts paid on partial redemptions under "Ten Year Installment Plans". (\$91,582.77)

[549]

District

ING NOVEMBER 1, 1938

## FUNDS

	Bond Int. & Prin.	Refunding		TOTAL ALL FUNDS
		Bond Int.	Reserve	
6	\$ 1,209.80	\$676,132.34	\$373,860.64	\$ 1,578,446.14
0				5,200.00
3				206,096.93
9				39,364.99
-				
3	1,209.80	676,132.34	373,860.64	1,829,108.06
-				
8				19,260,927.54
9				98,204.49
-				
7				19,359,132.03
-				709,338.83
7				18,649,793.20
5	1,209.80	676,132.34	373,860.64	20,478,901.26
3				13,810.93
	5,076,185.00			5,076,185.00
	387,000.00			387,000.00
	1,004,887.54			1,004,887.54
0				8,739.00
0				80,000.00
-				
3	6,468,072.54			6,570,622.47
-				
5				675,355.35

Refunding Bond Int. Surplus.....		
Refunding Reserve ".....		
Capital Surplus.....	195,386.83	2,263,4
Total Capital Liabilities.....	16,386,386.83	2,938,7
Total Liabilities.....	16,386,386.83	3,041,3

\* Represents tax sale certificates after deducting partial payments  
x Crocker-Huffman Contract obligations in amount of \$185,256.57 p

[Endorsed]: Petitioner's Exhibit No. 26. Filed  
Nov. 23, 1938.

		676,132.34		676,132.34
			373,860.64	373,860.64
7				2,458,793.20
-				
2	6,466,862.74	676,132.34	373,860.64	13,908,278.79
-				
5	1,209.80	676,132.34	373,860.64	20,478,901.26
-				

e under "Installment Plans".

le July 1st years 1939-1940-1941.



PETITIONER'S EXHIBIT NO. 27

was a record showing power sales of the Merced Irrigation District, reading as follows: [551]

Merced Irrigation District

ELECTRICAL ENERGY FURNISHED THE  
SAN JOAQUIN LIGHT & POWER CORP.,  
UNDER CONTRACT DATED FEBRUARY  
21, 1924, FOR YEARS 1926 TO 1938, INC.

<u>Date</u>	<u>K. W. H.</u>	<u>Rate</u>	<u>Amount</u>
1926			
June .....	4,809,660	.0045	\$ 21,644.39
July .....	1,359,000	.002	2,718.00
“ .....	7,325,000	.0045	32,962.50
Aug. ....	1,449,000	.0045	6,520.52
“ .....	364,000	.002	728.00
Nov. ....	46,000	.0045	207.00
Dec. ....	1,825,870	.0045	8,216.42
Yr. Total	17,178,730		\$ 72,996.83

1927			
Jan. ....	99,050	.0045	\$ 445.73
Feb. ....	6,740,310	.0045	30,331.40
Mar. ....	12,776,780	.0045	57,495.51
Apr. ....	16,818,590	.0045	75,683.65
May ....	18,032,100	.0045	81,144.45
June ....	17,647,630	.0045	79,414.33
July ....	18,844,960	.0045	84,802.32
Aug. ....	15,312,290	.0045	68,905.31
Sept. ....	10,604,540	.0045	47,720.43
Oct. ....	3,548,090	.0045	15,966.41
Nov. ....	1,468,490	.0045	6,608.20
Dec. ....	4,696,120	.0045	21,132.54
Yr. Total	126,588,950		\$569,650.28

<u>Date</u>	<u>K. W. H.</u>	<u>Rate</u>	<u>Amount</u>
1928			
Jan. ....	4,603,320	.0045	\$ 20,714.94
Feb. ....	4,808,050	.0045	21,636.23
Mar. ....	7,423,360	.0045	33,405.12
Apr. ....	17,990,130	.0045	80,955.58
May ....	19,072,870	.0045	85,827.92
June ....	18,428,370	.0045	82,927.66
July ....	16,639,200	.0045	74,876.40
Aug. ....	11,852,240	.0045	53,335.08
Sept. ....	8,202,780	.0045	27,912.51
Oct. ....	925,860	.0045	4,166.37
Yr. Total	109,946,180		\$485,757.81

1929			
Feb. ....	1,490,420	.0045	\$ 6,706.89
Mar. ....	3,730,990	.0045	16,789.45
Apr. ....	6,657,250	.0045	29,957.62
May ....	11,757,130	.0045	52,907.09
June ....	12,992,340	.0045	58,465.53
July ....	13,289,230	.0045	59,801.54
“ .....	2,560,000	.002	5,120.00
Aug. ....	6,808,000	.0045	30,636.00
“ .....	1,709,000	.002	3,418.00
Sept. ....	103,460	.0045	465.57
“ .....	33,000	.002	66.00
Yr. Total	70,259,460		\$296,412.57

[552]

1930			
Apr. ....	10,936,110	.0045	\$ 49,212.50
May ....	14,088,190	.0045	63,396.85
June ....	16,716,120	.0045	75,222.54
July ....	14,615,000	.0045	65,767.50
“ .....	3,362,000	.002	6,724.00
Aug. ....	8,634,000	.0045	38,853.00
“ .....	2,130,000	.002	4,260.00
Sept. ....	1,093,510	.0045	4,920.80
“ .....	287,000	.002	574.00
Yr. Total	71,862,930		\$308,931.19

<u>Date</u>	<u>K. W. H.</u>	<u>Rate</u>	<u>Amount</u>	
1931				
Mar. ....	538,670	.0045	\$ 2,424.01	
“ .....	42,000	.002	84.00	
Apr. ....	5,825,920	.0045	26,216.64	
“ .....	1,409,000	.002	2,818.00	
May ....	7,674,880	.0045	34,536.96	
“ .....	763,000	.002	1,526.00	
June .....	5,601,660	.0045	25,207.47	
“ .....	1,273,000	.002	2,546.00	
July .....	108,030	.0045	486.13	
“ .....	36,000	.002	72.00	
Yr. Total	23,272,160		\$ 95,917.21	
1932				
Jan. ....	8,269,950	.0045	\$ 37,214.78	
Feb. ....	12,733,910	.0045	57,302.60	
Mar. ....	14,791,150	.0045	66,560.18	
April ....	15,359,660	.0045	69,118.47	
May ....	18,857,070	.0045	84,856.82	\$ 3,559.50
June ....	19,632,350	.0045	88,345.58	7,366.50
July ....	19,642,220	.0045	88,389.99	4,738.50
Aug. ....	15,844,520	.0045	71,300.36	
Sept. ....	9,764,900	.0045	43,942.05	
Oct. ....	3,143,060	.0045	14,143.77	
Yr. Total	138,038,790	.0045	\$621,174.60	(\$605,630.18)
1933				
Feb. ....	6,067,170	.0045	\$ 27,302.27	
Mar. ....	2,999,980	.0045	13,499.91	
Apr. ....	7,849,210	.0045	35,321.45	
May ....	8,639,180	.0045	38,876.31	
June ....	15,310,780	.0045	68,898.51	
July ....	16,090,980	.0045	72,409.41	
Aug. ....	10,630,140	.0045	47,835.63	
Sept. ....	2,840,310	.0045	12,781.40	
Yr. Total	70,427,750		\$316,924.89	

<u>Date</u>	<u>L. W. E.</u>	<u>Rate</u>	<u>Amount</u>
1934			
Mar. ....	2,976,140	.0045	\$ 13,392.63
Apr. ....	12,599,400	.0045	57,147.30
May. ....	11,564,840	.0045	52,041.78
June. ....	8,964,150	.0045	40,338.68
July. ....	6,448,600	.0045	29,016.00
Yr. Total	42,652,530		\$191,936.39

1935			
Jan. ....	1,003,650	.0045	\$ 4,516.43
Feb. ....	5,604,590	.0045	25,220.66
Mar. ....	14,334,800	.0045	64,506.70
Apr. ....	17,201,020	.0045	77,404.59
May. ....	18,534,780	.0045	83,676.51
June. ....	17,895,250	.0045	80,973.63
July. ....	18,564,090	.0045	83,538.41
Aug. ....	15,913,130	.0045	71,609.09
Sept. ....	10,177,150	.0045	45,797.18
Oct. ....	3,066,670	.0045	13,867.29
Yr. Total	122,454,930		\$551,114.49

[553]

1936			
Feb. ....	8,877,400	.0045	\$ 39,943.30
Mar. ....	18,563,160	.0045	83,668.95
Apr. ....	17,994,070	.0045	80,973.32
May. ....	18,534,310	.0045	83,674.40
June. ....	17,994,560	.0045	80,975.52
July. ....	18,594,740	.0045	83,676.33
Aug. ....	16,504,600	.0045	74,270.70
Sept. ....	9,655,680	.0045	43,450.56
Oct. ....	3,064,790	.0045	13,791.56
Yr. Total	129,873,250		\$564,429.64

1937			
Jan. ....	222,000	.0045	\$ 1,004.49
Feb. ....	14,911,430	.0045	67,171.66
Mar. ....	18,532,020	.0045	83,664.09

<u>Date</u>	<u>K. W. H.</u>	<u>Rate</u>	<u>Amount</u>
Apr. ....	17,993,130	.0045	80,969.09
May ....	18,594,690	.0045	83,676.11
June ....	17,995,260	.0045	80,978.67
July ....	18,588,860	.0045	83,649.87
Aug. ....	15,894,110	.0045	71,523.50
Sept. ....	8,808,160	.0045	39,636.72
Oct. ....	2,178,830	.0045	9,804.74
Dec. ....	5,189,890	.0045	23,354.51

Yr. Total	138,969,430		\$625,363.45
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1938

Jan. ....	14,652,760	.0045	\$ 65,937.42
Feb. ....	15,423,490	.0045	69,405.71
Mar. ....	18,591,370	.0045	83,661.17
Apr. ....	17,992,980	.0045	80,968.41
May ....	18,594,420	.0045	83,674.89
June ....	17,995,660	.0045	80,980.47
July ....	18,595,830	.0045	83,681.24
Aug. ....	18,496,790	.0045	83,235.56
Sept. ....	12,479,030	.0045	56,155.64
Oct. ....	4,334,100	.0045	19,503.45

Yr. Total	157,156,430		*\$707,203.96
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\* Amount of energy produced during Year 1938.....\$707,203.96

Plus—Payment for energy produced in Dec. 1937, received in Jan. 1938 .....

23,354.51

\$730,558.47

Less—Amount of energy produced in Oct. 1938, due Nov. 21, 1938

19,503.45

(Uncollected Nov. 1, 1938)

Total Power Income for period,

Jan. 1, to Nov. 1, 1938.....\$711,055.02

per Income Statement

## RECAPITULATION

<u>Full Year</u>	<u>Amount</u>
1927 .....	\$ 569,650.28
1928 .....	485,757.81
1929 .....	296,412.57
1930 .....	308,931.19
1931 .....	95,917.21
1932 .....	605,630.18
1933 .....	316,924.89
1934 .....	191,936.39
1935 .....	551,114.49
1936 .....	584,429.64
1937 .....	625,363.45
1938 .....	707,203.96

Total.....\$5,339,272.06=12 Year Average

\$444,939.33

[554]

## PETITIONER'S EXHIBIT NO. 28

was a record showing properties deeded to Merced Irrigation District on account of nonpayment of delinquent taxes, and properties sold, as follows:

<u>Year</u>	<u>Number of Parcels</u>	<u>Rural Acreage</u>	<u>Number of City &amp; Town Lots</u>	<u>Assessed Valuation Rural</u>
1928 .....	5	250	1	\$ 12,460.
1929 .....	37	3,185	20	125,475.
1930 .....	6	1,347	1	18,425.
1931 .....	126	4,065	141	220,410.
1932 .....	102	5,577	59	282,790.
1933 .....	1	142	—	7,840.
1934 .....	69	1,975	73	95,765.
1935 .....	41	2,452	—	138,550.
1936 .....	481	11,689	605	677,030.
1937 .....	94	4,222	139	141,970.
1938 to 11/1/38.....	157	1,684	511	95,950.
Total.....	1,119	36,588	1,550	\$1,817,665.

Year	Assessed Valuation City & Town Lots	Delinquent Taxes Rural	Delinquent Taxes City & Town Lots
1928 .....	\$ 200.	\$ 7,738.44	\$ 96.18
1929 .....	750.	101,601.68	605.12
1930 .....	200.	14,321.30	123.80
1931 .....	16,165.	121,406.49	6,894.35
1932 .....	9,570.	145,319.62	3,279.91
1933 .....	—	3,467.34	—
1934 .....	3,500.	43,530.88	1,173.23
1935 .....	—	36,946.70	—
1936 .....	87,000.	210,662.66	26,141.76
1937 .....	5,295.	76,160.03	2,055.33
1938 to 11/1/38.....	21,925.	20,659.37	4,873.84
Total.....	\$144,605.	\$781,814.51	\$45,243.52
			[555]

PROPERTIES SOLD

Year	Number of Parcels	Rural Acreage	Number of City & Town Lots	1938-39 Assessed Valuation Rural
1928 .....	1	—	1	\$ —
1929 .....	3	144	—	10,140.
1930 .....	16	3,681	3	96,265.
1931 .....	3	24	—	2,190.
1932 .....	4	235	1	6,505.
1933 .....	1	—	1	—
1934 .....	8	89	3	6,630.
1935 .....	5	44	2	3,305.
1936 .....	57	1,009	38	47,370.
1937 .....	71	985	99	63,105.
1938 to 11/1/38.....	50	218	127	13,240.
Total.....	219	6,429	275	\$248,750.

Year	1938-39 Assessed Valuation		Sales Price	
	City & Town Lots		Rural	City & Town Lots
1928 .....	200.	\$	—	\$ 143.75
1929 .....	—		4,816.59	—
1930 .....	120.		38,196.83	225.00
1931 .....	—		1,225.00	—
1932 .....	75.		2,614.93	25.60
1933 .....	75.		—	19.40
1934 .....	610.		1,989.21	322.26
1935 .....	1,500.		545.87	407.20
1936 .....	4,755.		21,002.72	2,162.43
1937 .....	13,925.		32,778.29	3,693.86
1938 to 11/1/38.....	4,830.		5,759.93	1,869.65
Total.....	\$26,090.		\$108,929.37	\$8,869.15
				[556]

	Number of Parcels	Rural Acreage	1938-39 Assessed Valuation	
			City & Town Lots	Rural
Recapitulation:				
Deeded .....	1,119	36,588	1,550	\$1,817,665.
Sold .....	219	6,429	275	248,750.
Balance .....	900	30,159	1,275	\$1,568,915.

	1938-39 Assessed Valuation		Sales Price	
	City & Town Lots		Rural	City & Town Lots
Deeded .....	\$144,605.		\$781,814.51	\$45,243.52
Sold .....	26,090.		108,929.37	8,869.15
Balance .....	\$118,515.		\$672,885.14	\$36,374.37
				[557]

### PETITIONER'S EXHIBIT NO. 29

This was a report upon an investigation of the affairs of the district made by the California Districts Securities Commission for the year 1933 reading as follows: [558]

California Districts Securities Commission  
REPORT UPON AN INVESTIGATION OF  
THE AFFAIRS OF MERCED IRRIGA-  
TION DISTRICT

Merced County, California

As required under the terms of Section 11 of the  
California Districts Securities Commission Act  
October 1933 [559]

Report Upon Merced Irrigation District  
October 1933

I. Physical Properties

(a) Location and Area of District

Merced Irrigation District, organized in 1919, is located in Townships 4 to 8 south, Ranges 10 to 16 east, M.D.B. & M., Merced County, and lies contiguous to and south of the Merced River and east of the San Joaquin River. North of the Merced River is an additional detached portion of the District which lies west of Snelling between Dry Creek and Ingalsbe Slough. Included within the District boundaries are the cities of Merced, Atwater and Livingston and the smaller communities of Amsterdam, Cressy, Arena, Winton, Tuttle, Planada, Lingard and Le Grand.

Railroad transportation is supplied by the main lines of the Southern Pacific and Santa Fe Railroads, [560] the Oakdale branch of the Southern Pacific Railroad and the Yosemite Valley Railroad. The Golden State Highway parallels the Southern Pacific Railroad.

Minor changes in the District boundaries since its organization have fixed the gross area at approximately 190,000 acres. According to district figures, as reported for 1932, this general area is segregated by the district as follows:

Gross Area .....	190,000 Acres
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Canals .....	4,000 ac.
--------------	-----------

Roads .....	8,200 ac.	12,200	''
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Total "assessable" area .....	177,800	''
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and this gross assessable area is further divided as follows:

Rural Area .....	172,000 Acres
------------------	---------------

Cities, Towns and	
-------------------	--

Subdivisions .....	5,000	''
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Railroads .....	800	''
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Total .....	177,800	''
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A classification in round figures of the rural area has been reported by the Assessor as follows:

Area above gravity	
--------------------	--

irrigation .....	18,000 Acres
------------------	--------------

Area of swamp and	
-------------------	--

waste land .....	5,000	''
------------------	-------	----

Area of land of doubtful	
--------------------------	--

agricultural value .....	10,000	''
--------------------------	--------	----

Area (net) warranting	
-----------------------	--

cultivation .....	139,000	''
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	172,000	''
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Making up the 172,000 acres of agricultural [561] lands there are reported to be 2,800 separate farm holdings which indicates the average size of farms to be about 60 acres, but this average size of farms must be viewed in the light of the following regrouping of ownerships as reported for 1932:

No. of Ownerships	Acres Size	Total Acreage
18	500 to 1000	12,922
16	1000 to 2000	22,045
4	2000 to 5000	15,237
1	Over 5000	13,790
—		—
39		63,994

These relatively few large holdings comprise more than 1/3 of the total farmable area which indicates that a considerable part of the district must be subdivided and settled before full development is achieved. While most of the large acreages are either not developed or used principally for pasturage or grain, a few have been highly developed, such as the 3,800 acre fruit ranch of the California Packing Corporation.

#### (b) Source and Sufficiency of Water Supply

The main source of the water supply for the Merced Irrigation District is the Merced River, which drains a watershed of about 1000 sq. mi. in the Sierra Nevada, including a large part of Yosemite National Park. The district's water rights are founded upon the old appropriation of Crocker-

Huffman [562] Land and Water Company and on permits Nos. 912, 913 and 914 granted by the State Division of Water Rights on September 27, 1921. Permits 912 and 913 authorize the diversion of 2400 cu. ft. per sec. for power development, with storage and re-storage up to a total of 50,000 acre-feet per year. Permit 914 is for irrigation and authorizes the storage of 300,000 acre-feet per annum, and diversion into the district canals of a maximum of 1,500 cu. ft. per sec. with certain provisions. These rights appear to be well established, particularly in view of the agreements made with other users.

The run-off is impounded behind Exchequer Dam in Lake McClure, which has a reservoir capacity of 289,000 ac. ft. The dam, one of the largest in the country, has a height of 326 feet and a length of 950 feet, being 221 feet thick at the base and 12 feet at the crest. After passing through the power house adjoining the dam, or over the spillways, the water is diverted to the district's main canal at the Crocker-Huffman Dam located about two miles below Merced Falls. This main canal supplies water to four laterals which cover the area north of Merced and extends 17 miles to Lake Yosemite located 5 miles east of Merced. The area directly north and east of Merced is served by a canal diverting from Lake Yosemite, and the Le Grand Canal, diverting from the same lake, follows the eastern boundary of the district about 12 miles to Planada and Le Grand. [563]

That part of the District lying north of Merced River and containing about 9,400 acres is supplied by a canal diverting from the river at Merced Falls, and about 6,000 acres of high land near the eastern end of the District is supplied by five booster plants. Additional water is supplied by the operation of 87 electrically driven drainage pumps.

A result of the increasing use of water for intensive farming has been the rise in the water table which must be taken care of by drainage and by the prevention of seepage.

Since storage was started in Lake McClure, the water supply on the whole, has been sufficient. Wasting of water on poorly prepared land has been reduced by the introduction of better practice and the enforcement of a rule to secure more efficient use. Waste has been further diminished since the district has levied annual tolls for water delivered in excess of 4 acre-feet per acre per season. However, the delivery of water to some of the marginal lands above the high line canal at a cost to the district greatly in excess of possible returns and the delivery of water to the lowlands in the most southerly part of the district, which entails large percentage seepage losses with slight returns from the land, is not an economic use of water. [564]

#### (c) Soils of District

Topographically the Merced Irrigation District area consists of a wide belt of gently sloping land which has been built up by alluvial-fan deposits of the streams issuing from the mountains and

foothills on the northeast. The alluvial fan of the Merced River reaches nearly to the San Joaquin River and the broad flat distal ends of the smaller stream fans extend to the San Joaquin River flats.

The soils of the district, derived from recent alluvium, are generally of the Fresno, Madera and San Joaquin series. Fresno and Madera sands cover the main portion of the area north of Merced and west of the Santa Fe Railroad. A relatively small strip of Madera clay loam runs north and southwesterly from Merced. In general, Madera loams occupy most of the area centering around Tuttle and lying between Merced and Planada, Lingard and Le Grand. The triangle contiguous to Livingston, Winton and Atwater is composed largely of undifferentiated Oakley and Madera sands; and, the detached portion of the district west of Snelling is covered by Oakdale sandy loam, with the best grade of soil found along the terraces adjoining the Merced River. That part of the district lying south of Livingston is composed of Fresno sands containing alkali lands, particularly in the lower reaches. This general description [565] should be modified by the fact that soil variations occur in marked degree within short distances throughout the Merced Irrigation District.

A truer picture of soil conditions is presented in a recent survey and classification, as developed by J. S. Cone and R. L. Underhill, based primarily on crop production, but with necessary consideration given to the following factors: depth of soil, drain-

age, crop range, topography, fertility, location, frost and wind hazard. In general, the best state and local paved highways traverse the areas of the district which have the highest grade of soil and the remote areas and marginal lands, not as easily accessible, are usually the poorest. Characteristically, the best grade of soil is found along the ridges formed by the river and creeks; the poorer grade is located in the troughs between creeks; and, in parts of the marginal highlands, the top soil is relatively thin with hardpan close to the surface. In the most northerly part of the district, the surface gravel content increases with higher altitudes.

## II. Production

### (a) Detailed Crop Report

Up to 1890, farming in the Merced area was of two types, very large cattle ranches and grain ranches averaging [566] about 1,000 acres in size. In the year mentioned, colonization and the development of small irrigated farms was begun; and, this tendency toward small farm development involved the actual settling of the land and its cultivation by the owners. With the better understanding of the proper handling of different soil types a wide crop range has been developed. The failure of the early colonists is an ever present object lesson, and trees and vines unadapted to the particular locality have been or must be pulled out. In certain instances and on the highest grade of

soils, crops in excess of the state average have been produced.

The estimate of production is based upon detail crop reports gathered by the ditch-tenders of the district under the supervision of L. W. Hesse, District Superintendent. These reports are made upon separate section maps showing each 10 acre tract, the total assessable area and the acreage in each crop. Also, detail reports were secured from large scale producers; thus, a reliable summary of all crops produced in the Merced Irrigation District for the current year has been assembled and shown in the report of J. S. Cone, dated Sept. 26, 1933 and formally submitted to the Board of Directors at its meeting on that date. This report which has taken over a month to compile has been followed since its inception and will be referred to hereinafter as the Cone Report. [567]

(b) Gross Estimated Production

Where the production records of the larger corporate and individual growers are available, the estimate in the Cone Report is exact. But, on the remaining areas, the yield has been estimated, instead of securing the data from the smaller individual grower, because the time required to make the survey was limited.

A number of factors enter into the gross estimated production for the current year. On lands well suited to particular crops the acreage has shown a slight decline but, crops planted in unsuitable locations are deteriorating. Production is largely

influenced by price, weather and soil conditions, and efficient farm practice. The age of the orchard trees was considered although there are relatively few new plantings and non-bearing orchards. Among the adverse factors, which cannot be reduced to a numerical index, are credit restriction, absentee ownership, foreclosures and delinquencies, alkali and seepage and the uncontrolled spreading of Johnson grass and weeds. However, a sincere endeavor was made to obtain the best collective judgment on both yield and prices.

### III. Value of Crops

#### (a) Estimated Prices on Crops Produced

For the crops that are already harvested, the record of prices is available; but, to forecast future prices is [568] a hazardous occupation in view of their present, violent fluctuations. At present, wine grape prices are very unstable and vary greatly in different sections of the state; but, the raisin industry marketing agreement may stabilize prices through control of surplus. The Agricultural Adjustment Administration has started the reduction of wheat and cotton acreage, with producers to benefit from funds to be raised by a processing tax on these crops. Although labor conditions in relation to some crops are somewhat unsettled, continued efforts of associations and governmental agencies may tend toward stabilization of prices, with a probable slightly upward trend.

Data on crop prices has been gathered for the Merced Irrigation District crop survey from the following sources:

Market reviews of the State-Federal Crop Reporting service; local Agricultural Commissioner and Farm Advisor; Giannini Foundation of Agricultural Economics; packers and producers; district records, enterprise efficiency studies of the Extension Service covering major crops in similar areas and experience of persons familiar with local conditions. For the harvested crops, records of actual sales were secured.

In estimating both production and prices, normal harvesting conditions were assumed. Early storms or foggy weather would reduce both yield and prices on such crops as figs, raisins, beans, cotton and rice. [569]

## EXHIBIT "B"

### 1933 CROP REPORT

#### MERCED IRRIGATION DISTRICT

	Acreage	Production	Acreage Value	Gross Value
Alfalfa .....	14,357	31½ Tons .....	\$ 25.00	\$ 358,925
Almonds .....	2,743	580 lbs. ....	46.40	127,275
Apricots .....	882	500 lbs. ....	37.50	33,075
Beans .....	4,857	6½ Sacks (585#) .....	20.48	99,471
Corn .....	3,651	1000 lbs. ....	12.00	43,812
Cotton .....	4,333	400 " .....	36.00	155,988
Figs, drying .....	5,877	1600 " .....	24.00	141,048
Figs, Kadotas .....	2,440	800 " .....	14.00	34,160
Garden Truck .....	562		137.00	76,994
Grain, Irrig. ....	11,528	1350 " .....	11.48	132,341

	Acreage	Production	Acreage Value	Gross Value
Grain, Non-Irrig. ....	14,280	650 lbs. ....	5.20	74,256
Grapes				
Raisin .....	5,512	2000 “ .....	60.00	330,720
Wine .....	3,527	2 $\frac{2}{3}$ tons .....	34.67	122,281
Shipping .....	495	3 “ .....	36.00	17,820
Melons .....	683	5 “ .....	46.25	31,589
Pasture, Irrigated .....	8,898		1.50	13,347
Pasture, Non-Irrigated.....	29,424		.75	22,068
Peaches				
Clings .....	2,919	6 tons .....	120.00	350,280
Drying .....	2,428	1600 lbs. ....	88.00	213,644
Shipping .....	495	5 $\frac{1}{2}$ tons .....	82.50	40,837
Plums .....	226	1 ton .....	20.00	4,520
Rice .....	5,258	2700 lbs. ....	47.25	248,440
Sudan Grass (Pasture).....	1,533		8.00	12,264
Sweet Potatoes .....	4,208	3375 lbs. ....	67.50	284,040
Tomatoes .....	422	350 lug Shipping @ .45 per lug and 1500# canning @ \$8.25 per ton.....	163.69	69,077
MISCELLANEOUS CROPS				
Wild Hay .....	760	$\frac{2}{3}$ of a ton.....	3.33	2,531
Sunflowers .....	259	500 lbs. ....	10.00	2,590
Walnuts .....	219	450 lbs. ....	63.00	13,797
Ladino Clover (Pasture).....	95		12.00	1,140
Dallas Grass (Pasture)....	44		16.00	704
Balance of Assorted Crops 123 @ \$30.00 per acre.....				3,690
Total Assessed Acreage in District.....	171,654			3,062,724
Total Crop Acreage including Pasture.....	136,078			
Acreage in Summerfallow.....	4,823			
Acreage in Building Sites.....	3,085			
Acreage in Gum Trees.....	219		144,205	
Vacant .....			27,449	

Note: Included in gross value of crops is the income of District owned lands, \$14,000.00, leaving a gross value of privately owned lands of \$3,048,724.

## EXHIBIT "B" of Cone Report, (continued)

	Selling Price per Unit	
Alfalfa.....	\$ 7.50	per ton
Almonds.....	.08	" lb.
Apricots.....	150.00	" ton
Beans.....	.031½	" lb.
Corn.....	1.20	" cwt.
Cotton.....	.09	" lb.
Figs, drying.....	30.00	" ton
Figs, Kadotas.....	35.00	" ton
Garden Truck.....		
Grain, Irrigated.....	.85	" cwt.
Grain, Non-Irrig.....	.80	" "
Grapes		
Raisin.....	.03	" lb.
Wine.....	13.00	" ton
Shipping.....	12.00	" ton
Melons.....	9.25	" ton
Pasture, Irrigated		
Pasture, Non-Irrigated		
Peaches		
Clings.....	20.00	" ton
Drying.....	110.00	" "
Shipping.....	15.00	" "
Plums.....	20.00	" "
Rice.....	1.75	" cwt.
Sudan Grass (Pasture)		
Sweet Potatoes.....	.02	" lb.
Tomatoes		
MISCELLANEOUS CROPS		
Wild Hay.....	5.00	" ton
Sunflowers.....	.02	" lb.
Walnuts.....	.14	" lb.
Ladino Clover (Pasture)		
Dallas Grass (Pasture)		

[571]

## (b) Gross Value of Crops

From the prices and yields secured as above-noted, the gross value of crops on privately owned

lands in the Merced Irrigation District for 1933 is \$3,048,724. The 1933 crop report is summarized in tabular form in the Cone Report as shown in the preceding table, as Exhibit "B".

#### IV. Cost of Production

In determining the cost of production of farm crops the Cone Report considered only the following items:

- (a) Cash costs. These costs represent the actual cash outlays by the farmer for goods and materials purchased, such as repairs, supplies and feed, and must be regarded as a first charge against farm income.
- (b) Expense for labor. This includes outside hired labor and/or labor provided by the farmer and his family.

The following items of cost of production were expressly eliminated:

- 1. Supervision.
- 2. Depreciation on equipment, buildings and plantings.
- 3. Interest on investment, and working capital, whether owned or borrowed.
- 4. County taxes.
- 5. Merced Irrigation District taxes.

The 1933 costs of production were estimated in the Cone Report in the following manner:

- 1. Total crop production costs for 1931 (labor and materials only) as computed from rec-

ords obtained [572] for the Economic Survey made in 1932 were taken as a basis. This Economic Survey is known and generally referred to as the Benedict Report.

2. Corrections were made for different total crop acreage in 1933.
3. United States Bureau of Agricultural Economics Index figures for prices paid for commodities bought and for farm wages paid were then used, allowing for 50% increase in wages over the index for April, 1933. This resulted in a cost factor of 78.2% of 1931 costs.

Using the data and method outlined above, the total cost of production of all Merced Irrigation District crops for 1933 is:

Cash Costs .....	\$2,153,095
Labor .....	1,114,832
	<hr/>
Total Costs .....	\$3,267,927

## V. District Charges

### (a) Operation Costs (Irrigation System Only)

A comparison of operating costs for recent years taken from the annual statement rendered in accordance with the provisions of Section 14a of the California Irrigation District Act together with the budget for 1933 may be set forth as follows:

	1931	1932	1933
Capital expenditures .....	\$ 80,959	8,847	
General Overhead .....	33,024	32,925	
Office Expenses .....	16,389	15,685	
Tax Refunds .....	1,389	553	
Pumping Plant Refunds.....	22,190	12,998	
Crocker-Huffman Payments .....	57,725	57,178	
Insurance and Damages.....	9,814	10,627	
Irrigation Operations .....	19,555	113,493	
Drainage       “ .....	16,856	67,978	
Powerhouse     “ .....	17,378	20,947	
Deeded Tax Prop. Exp.....	249	78	
Drainage Contracts .....	13,636	180	
Total (before depreciation) .....	\$349,164	341,489	324,796 [573]

Capital expenditures, including building improvements and canal betterments, are not financed by new bonds but are a charge against the general fund and a necessary district expense. The approximate 90% decrease in this item of expense for 1932 reflects the efforts of the District to economize and postpone all but absolutely essential expenditures. This retrenchment was caused largely by reason of the extremely dry year of 1931 resulting in only \$95,917 being received from the sale of power; whereas, the average annual revenue from power over a long period is estimated to be \$450,000.

As less than 5% of the District's 1200 miles of canals and laterals are concrete lined it is essential to continue canal betterment each year in order to reduce costs of repairs, drainage well construction and suits for damages caused by seepage. Recently, a landowner who wanted the District to line the

ditch over his property requested a lower assessed valuation on the grounds that the value of his land had been decreased by excessive seepage. Decreasing general overhead and office expenses indicate efficient management and salary reductions.

V. (b) Other Annual Charges (Exclusive of Bond or Warrant Obligations)

Crocker-Huffman contract payments.

Before the formation of the Merced Irrigation District the Crocker-Huffman Land and Water Company controlled [574] the water system and subdivided and sold its lands with the right to receive certain amounts of water at fixed prices. In January 1922 the District purchased the Crocker-Huffman system for \$2,250,000 but the water-right contracts with the owners had to be adjusted. Under these various contracts 400 acres of land was to receive water free, 2,400 acres paid 62½c per acre, 26,335 acres paid \$1 per acre per annum and 21,582 acres paid \$2.00 per acre per annum.

By a compromise settlement the District acquired the water rights of the purchasers and other benefits and agreed to the payment of \$1,003,000 to be made in equal annual installments over a period of 17 years. Thus, the annual contract payment the District has to meet is about \$60,000 and, this charge which continues up to and including July 1, 1941 properly constitutes a fixed charge against the district.

The total other annual charges, exclusive of bond or warrant obligations but including the above fixed contract payments, are reported to be the sum of \$70,185 for 1933.

The Merced Irrigation District has taken over the obligations of three small drainage districts whose remaining bonds have a par value of about \$63,000. According to their schedule of payments, including interest, these bonds may be completely retired by 1939, as follows: [575]

1933 .....	\$12,794.52
1934 .....	12,294.06
1935 .....	11,793.60
1936 .....	11,293.13
1937 .....	10,792.67
1938 .....	8,042.21
1939 .....	795.00

## VI. Other Assessments and Taxes

(a) Overlapping Reclamation, Levee, Improvement or Fire Districts.

The subject of overlapping districts has been investigated by W. W. Bedesen, County Surveyor, whose detail report is accompanied by elaborate charts and graphs.

He reports the total tax charges (fiscal year 1933-34) for county, school districts, municipalities and other overlapping districts as follows:

Cities, General and Special.....	\$117,700	
Road Improvement Districts.....	36,185	
Cemetery Districts .....	6,313	
Lighting       “ .....	1,198	
Mosquito       “ .....	4,411	\$165,808
<hr/>		
County and Schools.....	\$323,234	
Grammar School Bonds.....	25,614	
High       “       “ .....	23,903	\$372,751
<hr/>		
Total .....		\$538,559

#### Merced County Assessed Valuations, 1933-34

Merced County, Total.....	\$32,795,435
“       “       Real Property only	20,322,345
County Assessed Value in	
Merced Irrigation District, Total.....	11,938,999
County Assessed Value in Merced	
Irrigation District, Real Prop. only.....	7,486,441

[576]

#### Delinquencies

Total of three municipalities and of school districts wholly or partly within the Merced Irrigation District.

	<u>1929-30</u>	<u>1930-31</u>	<u>1931-32</u>	<u>1932-33</u>
Merced City .....	\$12,550	\$15,550	\$21,287	\$28,181
Livingston .....	1,581	1,580	1,764	4,386
Atwater .....	182	566	1,887	4,970
Merced County .....	60,898	103,065	172,421	261,342

#### VII. Net Value of Crops

From data taken from the Cone Report as above noted, a condensed summary of production, operation and other charges including taxes and assessments not under the control of the District board of directors may be shown as follows:

### Net Value of Crops

Gross Value of Crops.....			\$3,048,724
Cost of Production.....	\$3,267,927		
District Charges:			
General Operation .....	\$324,796		
Other Charges .....	70,185	394,981	
Other Assessments & Taxes:			
Overlapping Dists. ....	\$165,808		
County and School			
Districts .....	372,751	538,559	\$4,201,467
Deficit .....			\$1,152,743

### VIII. Other District Income

#### (a) Power Sales

All the power developed at Exchequer Dam is sold to San Joaquin Light and Power Corporation under contracts dated February 21, 1924 and July 7, 1926. The 1924 contract [577] runs for a period of 20 years, with option to the District to continue it for another 20 years; and, the price paid for electric energy delivered at the powerhouse is 4½ mills per k.w.h. Under the 1926 contract, the power company agreed to take power at certain hours not covered by the original contract at a rate of 2 mills per k.w.h.

Early in 1926, Exchequer Dam was completed and storage began on April 20th of that year. As power delivery did not begin until June 23, 1926, the revenue for the remainder of the year was only \$64,780.39. The large run-off in 1927 resulted in the development of 126,603,350 k.w.h. of electric energy returning an income to the District, as billed, \$569,-

715. The Power Company disputed the billing whereupon the District brought suit; and, on September 14, 1928, judgment was entered in favor of the District that the power company should pay for all electric energy generated and delivered at the powerhouse. This validation of their contract provides the District with a market for power at a favorable and definite price.

The following table shows the actual power income received by the District for the calendar years mentioned: [578]

Year	Income	Additional Payment	Total
1927 .....	\$ 495,397.90)	123,799.75	
1928 .....	444,486.83)		
1929 .....	264,333.61		
1930 .....	308,931.00		
1931 .....	95,917.21		
1932 .....	605,630.18		
	<hr/>	<hr/>	<hr/>
	\$2,214,696.73	\$123,799.75	\$2,338,496.48

Thus, the average annual power income for the years 1927 to 1932, both inclusive, is \$389,749.40; and, this average is considerably below the annual revenue as originally estimated.

Power sales for the current year are reported to be \$316,958.

#### (b) Water Sales

The Merced Irrigation District is a non-profit organization; but, all land taking water on a rotation basis for irrigation in excess of 4 acre feet per season must pay the following tolls:

1st ac. ft. in excess of 4 ac. ft.	\$0.75
2nd " " " " " " " "	1.00
3rd " " " " " " " "	1.25
4th " " " " " " " "	1.50
Each additional acre foot	1.75

The above tolls are applied to this excess use of water by crops requiring a water delivery on a rotation basis, such as, alfalfa, orchards, vineyards and general crops. [579]

Land taking water, not on a rotation, but on a constant or steady flow basis for irrigation, such as rice, must pay the following tolls:

1st ac. ft. in excess of 4 ac. ft.	\$1.00
2nd " " " " " " " "	1.50
3rd " " " " " " " "	2.00
4th " " " " " " " "	2.50
Each additional acre foot	3.00

The collection of these tolls has reduced the wasting of water and resulted in more efficient irrigation practice; but, the annual collection is only a small portion of the total District income. The revenue received by the District from these tolls has been as follows:

1930 .....	\$ 7,621.53
1931 .....	2,203.80
1932 .....	14,363.58
1933 .....	10,000.00

In 1930, about \$5,000 of the amount collected was from acreage planted to rice; but, in 1931, a com-

bination of low price and water shortage decreased the rice crop.

### VIII. Other District Income

(c) Income from District Owned Lands (Not included in Crop Report)

The status of and income from lands taken over by the Merced Irrigation District segregated by years is shown in the following table. [580]

Year	Acres	Assessed Value	Delinquent Taxes	Rentals
1928	210	\$ 23,100	\$ 7,837.64	\$ 187.00
1929	681	52,025	20,170.34	1,155.96
1930	20	1,400	575.30	.....
1931	4,019	387,395	126,726.32	2,611.24
1932	5,019	509,105	133,707.93	7,495.00
1933	10,492	1,011,355	304,104.63	14,000.00

Many of the parcels taken over by the District have not returned any revenue during the last few years, the tendency being for the poorer and relatively over-assessed lands to remain unredeemed and pass to the district. The average return per acre on these lands was about 65¢ in 1931, \$1.50 in 1932 and \$1.33 in 1933.

### (d) Other Income

In 1932, according to the District statement, income for other sources not hereinabove mentioned was separately shown thus:

Interest on Redemptions.....	\$10,511.21
Water Diversion concession .....	500.00
Interest on Bank Balances .....	3,794.31
Settlement with F & M Bank.....	12,000.00
Equipment rentals, etc. ....	1,226.28
	<hr/>
	\$28,031.80

The estimate of "other income" for 1933 is \$44,023. This estimate includes cash left from last year or an available balance, January 1, 1933, of \$35,443 together with estimated collections for the year 1933 of \$8,580.

In summary, "other district income" for 1933 is: [581]

Power Sales .....	\$316,958
Water Sales .....	10,000
Dist. Owned Lands .....	14,000
Other Income .....	44,023
	<hr/>
Total .....	\$384,981

Deducting this \$384,981 item of income from the above deficit of \$1,152,743 leaves a deficit of \$767,762 before bond service requirements are considered.

## IX. District Bond and Warrant Service Requirements

### (a) Bonded Debt

The largest total bond issue outstanding of any irrigation district in California has been sold by

the Merced Irrigation District. There are three issues, the first being divided into four divisions of which the first and fourth division bear 6% interest and the second and third divisions bear 5½% interest. A summary of details concerning these issues is shown as follows:

Issue	Dated	Amount	Rate	Due Serially
1st-1st Div.	1/1/22	\$3,060,000	6%	1934-50 Jan. 1, ea. yr.
1st-2nd Div.	1/1/22	1,800,000	5½%	1951-53 do
1st-3rd Div.	1/1/22	1,320,000	5½%	1954-55 do
1st-4th Div.	1/1/22	5,760,000	6%	1956-62 do
2nd Issue	5/1/26	3,250,000	6%	1937-46 and 1963-64 do
3rd Issue	5/1/26	1,000,000	5½%	1965-66 do

Total Outstanding

September 1933 .....\$16,190,000

In 1933 the 1st division of the 1st bond issue started to mature in the sum of \$60,000 of which \$37,000 remains due and unpaid. The principal of these issues, matures with progressively increasing annual amounts. The bond service (annual [582] requirements for interest and maturities) increases to a maximum requirement of \$1,265,200 for 1951 and then declines to \$1,135,000 in 1964. In the following year it abruptly drops to \$527,500 which is succeeded by the final maturity payment of one-half million in 1966.

The total bond service requirements as reported by the District Auditor including amounts in default, are:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January, 1933		\$ 37,000.00	\$ 167,940.00	
July 1933			475,400.00	
		<hr/>	<hr/>	<hr/>
		\$ 37,000.00	\$ 643,340.00	\$ 680,340.00
1934		63,000.00	948,500.00	1,011,500.00
		<hr/>	<hr/>	<hr/>
		\$100,000.00	1,591,840.00	\$1,691,840.00

## X. Comparison of Net District Income with Bond and Warrant Requirements

A direct comparison of the net District income with bond service requirements may be briefly stated:

Net District Income (Deficit).....	\$ 767,762
Bond Service .....	1,691,840

## XI. Establishment of District Charges

### (a) Water Tolls

As the largest annual income derived from tolls in 1932 was only about 1% of the total District income, any slight advance in toll charges would not materially increase [583] the total revenue. It would merely have the effect of further discouraging the users of excess water and add to the production costs of a few crops already in a competitive field. Any change in the water tolls as now established is not contemplated.

### (b) District Valuations (Grouped as to per acre values)

The Merced Irrigation District Assessor's table of valuations for 1931-32 was as follows:

Assessed Value per Acre	Acres	Percent
\$150 to \$175	59,300	34.4
100 to 149	36,100	21.0
75 to 99	20,200	11.7
40 to 74	23,500	13.7
20 to 39	18,100	10.5
5 to 19	14,900	8.7
	<hr/> 174,000	<hr/> 100.0

A comparison of the above table with the "scaled-down" or revalued assessment for 1932-33 emphasizes the increase in the lower brackets.

#### 1932-33 Assessment Table:

Assessed Value per Acre	Acres	Percent
\$100 to \$120	57,000	33.1
75 to 99	32,000	18.6
50 to 74	17,000	9.9
30 to 49	25,000	14.5
15 to 29	22,000	12.8
5 to 14	19,000	11.1
	<hr/> 172,000	<hr/> 100.0

Valuations used in the equalized assessment roll for 1933-34 are the same as for 1932-33. [584]

#### (c) Assessment Rates and Delinquencies

The total annual assessment levied upon the lands in the Merced Irrigation District for District purposes has ranged from a low of \$10,148,490 in 1920-21 to a high of \$22,260,300 in 1924-25. Since then the valuation has generally decreased each year accompanied by an increase in the tax rate. In 1924-25 the assessed valuation was increased more than

63% over the previous years, because in the negotiations for the sale of district bonds in the amount of \$9,010,000, it was pointed out that the total assessed valuation was less than the total amount of bonds to be issued. Therefore, on September 13, 1924, in accordance with their agreement with the syndicate of bond buyers, the Merced Irrigation District board of directors sitting as a Board of Equalization, increased the assessed value of each parcel by an amount equal to one-half its assessed value, with few parcels being decreased for cause.

It is noted that up to and including June 30, 1930, the District had levied assessments totaling \$8,670,344.56 of which only about 3% had not been paid. And, on June 26, 1933, only \$35,548.13 or 0.4% of the total assessments levied during the first nine years of the District's existence remained unpaid. Notwithstanding a more than \$1,000,000 reduction in assessed valuation and a decrease in the tax rate for the tax year 1931-32, the delinquency on the last Monday in June 1932 [585] was more than double that of the previous year.

The 1932 assessment roll, after revaluation of the District by the Assessor, was \$12,872,880 or a decrease of 32.8% from the previous year; and, in view of the outstanding bond interest obligation and other fixed charges, it was necessary to fix a legal rate of \$8.90 or a 58.93% increase over the previous year's rate. The combination of a rela-

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tively large increase in tax rate, together with depression prices, undeveloped land, increasing delinquencies and other overlapping liens and taxes, resulted in a delinquency of \$713,887.24 as of August 28, 1933, or 62.15% of the tax roll.

On account of the increase in the area and number of delinquent parcels sold to the District to which the District has taken title, a scale-down of the assessed valuations in Merced City and reductions made by the Board of Equalization the tax roll for 1933-34 is \$12,292,410.

This total valuation represents a decrease of \$581,470 or a 4.5% reduction from last year. And, this reduction may be segregated as follows:

	Merced City	Bal. of Dist.
1932-33	\$1,740,400.00	\$11,133,480.00
1933-34	1,559,055.00	10,733,355.00
Decrease .....	\$ 181,345.00 (10%)	\$ 400,125 (3.6%)

For the years 1926 to 1931, inclusive, with a generally uniform total assessed valuation, the average tax [586] rate was about \$6.00 on the \$100. As the Merced Irrigation District is a comparatively young district, a complete record of valuations, rates and delinquencies is set forth in the preceding statement of Delinquent Tax Rolls of Merced Irrigation District.

DELINQUENCIES 1920-1933

(Exclusive of Penalties and Costs)

Year	No. of Assm'ts.	Valuation	Rate	Tax Levy	Delinquent Last Monday in June	Percent Delinquent
1920-21	3882	\$10,148,490	\$1.40	\$ 142,078.81	\$ 13,831.23	9.74
1922-23	5524	13,734,440	2.73	374,950.07	61,601.86	16.43
1923-24	5647	14,209,420	4.75	674,933.53	83,556.15	12.38
1924-25	5846	22,260,300	4.20	934,932.60	79,706.93	8.52
1925-26	6200	21,473,230	7.10	1,524,589.59	126,240.37	8.27
1926-27	6385	20,995,430	6.30	1,321,528.56	141,240.53	10.68
1927-28	6353	20,636,465	6.00	1,238,187.90	131,139.78	10.59
1928-29	6845	20,686,900	6.00	1,242,393.00	118,249.90	9.51
1929-30	7027	20,279,175	6.00	1,216,750.50	117,095.64	9.62
1930-31	7260	20,246,775	5.90	1,194,585.35	210,596.89	17.63
1931-32	7462	19,159,570	5.60	1,071,567.84	401,361.59	37.40
1932-33	7594	12,873,880	8.90	1,148,483.04	721,188.56	62.80
				\$12,084,980.79		

TAX SALES

Year	Original Number Tax Sales	Amount Delinquent 6/26/33	Sales	Percent Delinquent 6/26/33
			No. of Unredeemed 6/26/33	
1920-21	570	1.82	1	.0012
1922-23	712	16.70	4	.0044
1923-24	646	30.38	2	.0045
1924-25	540	64.82	4	.0069
1925-26	620	512.87	7	.033
1926-27	707	569.42	9	.043
1927-28	653	509.50	10	.041
1928-29	737	3,804.97	57	.3
1929-30	752	30,038.55	207	2.46
1930-31	1499	133,933.70	1942	11.21
1931-32	2675	355,269.37	2258	33.15
1932-33				

Addenda: 1932-33 Tax Sale Aug. 28, 1933.

Number of Sales 4407—Amt. Delinquent \$713,887.24, 62.15%.

Note: The foregoing statistics do not separately consider property deeded to Merced Irrigation District.

It will be noted that the last item on the preceding statement indicates a 62.15% delinquency as of June 26th, 1933; and, a later statement of the assessor received September 15, 1933 shows that there are 119,300 acres delinquent, valued at \$8,834,730. In accordance with the provision of Section 14-c of the California Irrigation District Act, the board of directors, by formal resolution, provided for the payment of the assessment in two installments. The first installment which amounts to 60% of the total levy becomes delinquent on the last Monday in December; and, the second installment (40%) becomes delinquent on the last Monday of June next thereafter. Figures in the above statement show the delinquency for the full year; and, the percent delinquent is the amount unpaid in the two installments divided by the total levy. A redemption of the property sold for non-payment of assessments may be made within three years from the date of purchase, the last three columns in the above statement are subject to reductions. Redemptions in four equal annual installments provided for in Chapter 835, Statutes 1933 may reduce immediate returns to the District from this source; but, in the long run, a greater proportion of the [588] delinquent lands might be returned to the tax roll. However, the percentage delinquent shown for the last three years (in the last column of the statement) will be reduced by redemptions prior to the expiration of the three year redemption period. Going back further than three years, the percent-

age so shown represents the proportion either deeded to the District or subject to deed.

(d) Assessment rate based upon ability of Lands to pay from Data above.

Since the Cone Reports show that the gross value of all crops produced in the Merced Irrigation District is less than the cost of production thereof, even though essential items of cost were expressly omitted; and, since other costs and taxes increase this deficit to more than three-quarters of a million dollars in contrast with bond service requirements of over \$1,600,000, it is obvious that the District can pay only a nominal rate if based upon its ability to pay.

## XII. Comment

It has been reported by the District Auditor that the "legal rate" for 1933-34 would be \$15.60 which is ascertained as follows:

1933-34 Tax Roll .....	\$12,292,410
15% of " " .....	1,843,860
	<hr/>
	\$10,448,550

Then, the sum to be raised (\$1,629,040) divided by the aggregate [589] assessed value less fifteen percent (\$10,448,550) gives a rate of \$0.1559 or \$15.60 per \$100 of assessed value.

On September 26, 1933, the Board of Directors fixed the rate at \$1.00 per hundred. By deducting fifteen percent for anticipated delinquencies, the \$1.00 rate will yield \$104,485 if both installments

are fully paid. This money will be used for general expenses. Since the district's budget provides for expenditures of \$510,000 for all purposes; and, the income from power sales is expected to return between \$450,000 and \$500,000 only a relatively small amount of money will be available for bond service. However, in view of the fact that the refinancing plan, already accepted and approved in principle by the district and by the bondholders' committee, also fixes the rate at \$1, it appears that the rate should be approved. [590]

I, Harmon S. Bonte, Executive Secretary of the California Districts Securities Commission, do hereby certify that the foregoing is a full, true and correct copy of report of Commission investigation of the affairs of Merced Irrigation District, entitled, "Report Upon an Investigation of the Affairs of Merced Irrigation District, Merced County, California \* as Required Under the Terms of Section 11 of the California Districts Securities Commission Act \* October 1933," upon which issuance of Commission Order No. 50, dated October 20, 1933, to the Board of Directors of said district was predicated.

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Executive Secretary, California Districts Securities Commission.

Dated:

San Francisco, California,

November ....., 1938. [591]

PETITIONER'S EXHIBIT NO. 29A

ORDER NO. 50

This exhibit was Order Number 50 of the California District Securities Commission headed approval of assessment rate, report, dated October 20, 1933, and reading as follows:

Whereas, the Board of Directors of Merced Irrigation District has heretofore levied the annual assessment required by the California Irrigation District Act and acts amendatory thereof and supplementary thereto and the money derived from said assessment allocated to the payment of bond interest and principal has been insufficient to meet said bond interest and principal when due and therefore said Merced Irrigation District is more than twenty (20) per cent in default in the payment of the amount due on its bond interest or principal or both; and

Whereas, said Board of Directors by its resolution dated August 22, 1933, gave written notice to the California Districts Securities Commission of its intention to levy an annual assessment for such total amount as in its judgment by a finding of fact, in accordance with the provisions of Section 11 of the California Districts Securities Commission Act, will be reasonably possible for the lands of the district, taken as a whole, to pay without exceeding a delinquency of fifteen (15) per cent; and

Whereas, the Board of Directors of said Merced Irrigation District has by resolution dated Sep-

tember 26, 1933, petitioned said California Districts Securities Commission for its approval of a total levy of \$122,924.10 requiring an assessment rate of \$1.00 per \$100 of assessed valuation on the lands of the district for the assessment year 1933-34 as determined by said Board of Directors; and

Whereas, the California Districts Securities Commission has caused an investigation to be made into the financial affairs of said district and its lands to enable said Commission to carry out the provisions of said Section 11 and being fully informed upon the affairs of said Merced Irrigation District;

Now, therefore, we, the undersigned members of the California Districts Securities Commission, make the following report to the Board of Directors of Merced Irrigation District:

(1) That in our opinion the total levy of One Hundred Twenty-Two Thousand Nine Hundred Twenty-Four and 10/100 Dollars (\$122,924.10) on the lands of the district for the assessment year 1933-34 is the amount that said lands can reasonably be expected to pay without exceeding a delinquency of fifteen (15) per cent.

(2) That the assessment rate of \$1.00 per \$100 of assessed valuation calculated to produce said total levy of \$122,924.10 is hereby approved.

CALIFORNIA DISTRICTS  
SECURITIES COMMISSION [592]

PETITIONER'S EXHIBIT NO. 30

This was a report upon an investigation of the affairs of the district made by the California Districts Securities Commission for the year 1934 and in the same form as described in Exhibit No. 29 and 32. [593]

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PETITIONER'S EXHIBIT NO. 30A

ORDER NO. 53

This exhibit was an approval of the assessment rate by the District Securities Commission for the assessment year 1934-35, and was in like form as Exhibit 29A. [594]

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PETITIONER'S EXHIBIT NO. 31

This was a report upon an investigation of the affairs of the district made by the California Districts Securities Commission for the year 1935 and in the same form as described in Exhibits No. 29 and 32. [595]

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PETITIONER'S EXHIBIT NO. 31A

ORDER NO. 60

This exhibit was an approval of the assessment rate by the District Securities Commission for the assessment year 1935-36 and was in like form as Exhibit 29A. [596]

## PETITIONER'S EXHIBIT NO. 32

This was a report by the California Districts Securities Commission upon an investigation of the affairs of the Merced Irrigation District pursuant to Section 11 of the California Districts Securities Commission Act, dated Nov. 10, 1936, reading as follows: [597]

REPORT UPON MERCED IRRIGATION  
DISTRICT

October 1936

I. Physical Properties

District boundaries and other physical properties have remained unchanged during the past year. Lands may be classified at present as follows:

(a) Cities, towns, roads, rts-of-way	18,072	Ac.
(b) Irrigated lands .....	110,000	“
(c) Dry farmed lands .....	43,092	“
(d) Uncultivated irrigable lands.....	18,518	“

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Total .....	189,682	Ac.
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[598]

There was ample water during the past winter to fill the district storage reservoir and meet all irrigation requirements. Revenue from the sale of power will probably be about the same this year as in 1935.

It has not been necessary to increase the number of drainage wells during the past year but it is anticipated that during 1937 some new wells have to be drilled and equipped because of rising ground water level in lands not heretofore affected.

## II. Production

The following record of crops grown in the District for the present season has been compiled by district ditchtenders from records of water deliveries made for various crops. Yields are averages of estimates furnished by individual farmers and corporations operating farms within the district. Prices were supplied by local dealers in farm products.

Heavy frosts in the spring are reported to have seriously affected some crops. The Thompson seedless grape crop is reported as about 40 percent normal, figs about 60 percent normal and peaches about 75 percent normal. Yields of other crops are normal for average harvesting conditions. [599]

Crop	Acres	Yield per Acre	Total Yield	Unit Price	Value to Grower
Alfalfa .....	10,807	2-¾ T	29719 T	\$10.50	\$ 312,106
Almonds .....	2,943	200 #	588600 #	0.16	94,176
Apricots .....	782	350 #	273700 #	0.10	27,370
Beans .....	3,997	450 #	1,798650 #	0.05	89,932
Clover .....	657	—	—	20.00 Ac.	13,140
Corn .....	4,996	1500 #	7,494000 #	0.015	112,410
Cotton .....	6,735	350 #	2,357250 #	0.12	282,870
Figs—Drying .....	5,550	720 #	3,996000 #	0.05	199,800
“ —Kadota.....	2,400	3-½ T	8400 T	0.025 #	420,000
Garden Truck.....	625	—	—	150. Ac.	93,750
Irrigated Grain...	17,650	1500 #	26,475000 #	0.011	291,225
Non-Irrig. “ .....	9,000	900 #	8,100000 #	0.009	72,900
Grapes—Wine ...	5,012	3-½ T	—	13.00	228,046
Grapes—Drying...	3,024	¾ T	2268 T	70.00	15,876
Grapes—Ship'ng	3,486	3 T	10450 T	18.00	188,244
Melons—Water ...	535	4 T	2140 T	12.00	25,680
Melons—Honey'dw	150	3 T	450 T	16.00	7,200
Melons—Cantl'ps	109	175 Cr.	19075 Cr.	.90	17,168
Irrig. Pasture.....	13,607	—	—	1.75 Ac.	23,812
Non-Irrig. “ .....	19,881	—	—	1.00 Ac.	19,881
Peaches—Cling.	2,900	3-½ T	10150 T	30.00	304,500
Peaches—Drying	2,341	1000 #	2,341000 #	0.075	175,575
Peaches—Ship'ng	495	4-½ T	2228 #	22.50 T.	50,130
Plums .....	226	1-½ T	339 T	25.00	8,475
Rice .....	4,862	25 Sx.	121550 Sx.	1.75	212,713
Sudan Grass.....	1,106	—	—	15.00 Ac.	16,590
Sweet Potatoes...	3,128	3750 #	11,730000 #	0.02	234,600
Tomatoes .....	1,500	7 T	10500 #	13.00 T.	136,500
Misc. Crops .....	1,834	—	—	85.00 Ac.	155,890
Young Trees .....	611	—	—	—	—
(Not Bearing).....	—	—	—	—	—
Totals .....	130,949				\$3,830,559

### III. Cost of Production

Following tabulation shows the estimated cost of production for each crop grown. These costs are based [600] upon studies which have been carried on by the University of California for a number of

years. They are intended to show cost of labor, supplies and cash outlay, without including taxes, district assessments or depreciation of trees, vines or buildings:

Crop	Acres	Production Cost Per Acre	Total Production Cost
Alfalfa .....	10,807	\$20.06	\$ 217,005
Almonds .....	2,943	42.35	124,636
Apricots .....	782	45.97	35,949
Beans .....	3,997	19.48	77,861
Clover .....	657	4.40	2,891
Corn .....	4,996	20.35	101,668
Cotton .....	6,735	37.94	255,526
Figs—Drying .....	5,550	56.84	315,462
“ —Kadota .....	2,400	81.18	194,832
Garden Truck .....	625	86.35	53,968
Irrigated Grain .....	17,650	8.72	153,908
Non-Irrig. Grain .....	9,000	7.07	63,630
Grapes—Wine .....	5,012	41.50	207,998
Grapes—Drying .....	3,024	56.20	169,949
“ —Shipping .....	3,486	27.00	94,122
Melons—Water .....	535	24.75	13,241
“ —Honeydew .....	150	24.12	3,618
“ —Cantalopes .....	109	71.19	7,760
Irrig. Pasture .....	13,607	.82	11,158
Non-Irrig. “ .....	19,881	.11	2,187
Peaches—Cling .....	2,900	62.48	181,192
“ —Drying .....	2,341	78.98	184,892
“ —Ship'ng .....	495	71.50	35,392
Plums .....	226	75.75	17,120
Rice .....	4,862	24.75	120,335
Sudan Grass .....	1,106	7.59	8,395
Sweet Potatoes .....	3,128	51.56	161,280
Tomatoes .....	1,500	60.50	90,750
Misc. Crops .....	1,834	66.00	121,044
Young Trees (Not Bearing) .....	611	—	—
Totals .....	130,949		\$3,027,769

Deducting the total estimated cost of all production from the estimated gross value of all crops grown gives a net value, before taxes and district assessments are considered, of \$802,790.

#### IV. District Costs

##### (a) Maintenance and Operation

Costs of maintaining district's irrigation works, power house and drainage equipment for the past year, with estimates for 1936 and 1937, are as follows:

	Actual 1935	Estimated	
		1936	1937
Irrigation System .....	\$183,906.23	\$230,000	\$225,000
Drainage .....	88,752.45	85,000	100,000
Power House .....	22,185.05	26,400	22,790
Garage & Shop.....	—	15,000	15,000
Totals.....	\$294,843.73	\$356,400	\$362,790

##### (b) Administration and General Expense

Office expense, officers' salaries, directors' fees and other overhead expense for the past year, with estimates for 1936 and 1937, follow: [602]

	Actual 1935	Estimate	
		1936	1937
Administration & Overhead.....	\$41,767.58	\$67,000	\$63,700
Insurance charges, etc.....	12,072.63	11,000	11,000
Totals.....	\$53,840.21	\$76,600	\$74,700

##### (c) Contractual Obligations

As has been explained in previous reports, district has assumed the obligations of three small

drainage districts which are within its boundaries, and payment of Crocker-Huffman contracts. The principal amount of bonds outstanding against the area within the drainage districts is being rapidly reduced and will be completely paid off within a few years. Total contractual obligations for 1936 are estimated at \$121,000, and those of 1937 at \$70,000.

#### (d) Summary of District Charges

All of the foregoing district charges may be summarized as follows:

	1935	1936	1937
Operation & Maintenance.....	\$294,843.73	\$356,400	\$362,790
Administration & General Expense .....	53,840.21	78,600	74,700
Contractual Obligations .....	52,811.83	121,000	70,000
Totals.....	\$401,495.77	\$556,000	\$507,490

[603]

### V. Taxes and Assessments

#### (a) County Taxes

The total county valuation of all district lands for 1936-37 is \$21,829,003, of which \$8,887,583 represents valuation of lands within cities and towns and the remainder, \$12,941,420, valuation of rural lands. The county tax rate for 1936-37 on the former is \$1.35 per \$100 assessed valuation and \$1.45 per \$100 assessed valuation on the latter, making total levies of \$119,983 and \$187,651, respectively. The cities of Atwater, Livingston and Merced are

within the boundaries of the irrigation district and are a part thereof. Each city levies city taxes, which for 1936-37, are shown below:

	<u>Acres</u>	<u>County Valuations</u>	<u>Rate</u>	<u>Total Levy</u>
Atwater .....	852	\$1,224,630.00	\$1.05	\$12,859
Livingston .....	624	839,420.00	1.10	9,234
Merced .....	1775	6,921,190.00	.90	62,291
Total.....				\$84,384

The total of the city and county taxes for 1936-37 is \$392,018.

County has bonds in the principal amount of [604] \$822,000 outstanding, of which approximately \$106,800 may be considered as a lien upon district lands.

### (b) School District Taxes

Following is a tabulation of acreages in various school districts, county valuations and school district taxes for the year 1936-37:

<u>School District</u>	<u>Acres</u>	<u>County Valuation</u>	<u>Tax Rate</u>	<u>Total Levy</u>
High Schools				
Merced Union .....	157,170	\$19,980,450	\$.25	\$ 49,951
Hilmar .....	4,480	112,350	.55	618
Le Grand .....	18,940	1,695,400	.35	5,934
Elementary Schools				
Applegate .....	6,500	287,400	.30	862
Arundel .....	4,820	473,500	.28	1,326
Buhach .....	2,240	264,200	.10	264
Cressey .....	4,380	427,250	.30	1,282
Eschscholtzia .....	3,360	728,230	.03	218
Farmdale .....	4,780	335,375	.04	134
Franklin .....	5,960	689,420	.25	1,724
Fruitland .....	3,280	402,850	.25	1,007

Jordan .....	8,000	482,300	.20	965
Livingston <sup>o</sup> .....	624	469,175	.45	2,111
“ <sup>oo</sup> .....	14,846	1,349,450	.15	2,024
Merquin .....	4,480	110,250	.38	419
Merced Union <sup>o</sup> .....	1,775	5,730,400	.45	25,787
“      “ <sup>oo</sup> .....	10,865	1,440,200	.05	720
McSwain .....	8,870	375,480	.15	563
Mitchell <sup>o</sup> .....	852	522,400	.30	1,567
“ <sup>oo</sup> .....	5,708	571,780	.15	858
Planada .....	8,900	79,840	.15	120
Pioneer .....	7,730	638,490	.15	958
Savanna .....	4,120	408,630	.40	1,635
Winton .....	4,080	498,320	.30	1,495
Whitmer .....	5,600	394,680	.20	789

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Total School District Taxes.....\$103,331

<sup>o</sup>Inside City

<sup>oo</sup>Outside City

[605]

Several of the school districts have bonds outstanding. The total amount of these bonds and the portion thereof that may be considered a lien upon the lands of the irrigation district, are as follows:

School District	Total Bonds Outstanding	Proportionate Amt. of Lien on District Lands
Hilmar High .....	\$ 2,500	\$ 250
Merced Union High.....	87,500	78,700
Applegate Elementary .....	800	800
Arundel .....	500	500
Cressey .....	2,000	2,000
Farmdale .....	400	400
Livingston <sup>o</sup> .....	10,000	10,000
McSwain .....	2,500	2,500
Mitchell <sup>o</sup> .....	5,000	5,000
Pioneer .....	2,000	2,000
Savanna .....	2,000	2,000
Winton .....	3,000	3,000
Whitmer .....	400	400

<sup>o</sup>Inside City

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Total \$107,600

Assessment for principal and interest on these bonds is included in the school district tax.

(c) Special District Taxes

The irrigation district is overlapped by a number of special districts for which taxes are levied by county officials. These special districts, overlapping areas, assessed valuations, tax rates and total levies [606] for 1936-37, follow:

Road Districts	Acres	County Valuation	Tax Rate	Total Levy
No. 1 .....	45,080	\$2,550,800	\$1.00	\$25,508
No. 2 .....	22,240	892,200	1.00	8,922
No. 5 .....	5,600	225,200	2.00	4,504
No. 10 .....	800	41,325	.80	331
No. 14 .....	44	28,450	47.00	13,372
<b>Lighting Districts</b>				
Le Grand .....	360	173,850	.35	608
Planada .....	800	169,420	.30	508
Winton .....	1,120	189,850	.15	285
<b>Cemetery Districts</b>				
Merced .....	86,160	11,852,400	.10	11,852
Merquin .....	4,480	110,250	.02	22
Plainsburg .....	14,800	756,830	.05	378
Winton .....	62,200	6,051,350	.05	3,026
<b>Mosquito Abatement</b>				
Merced .....	10,880	7,232,350	.05	3,616
Total Special District Taxes				\$72,932

Several of these special districts also have bonds outstanding. The total principal amount of these issues and the prorata amount which may be considered a lien upon the lands of the irrigation district, follow: [607]

<u>Road District</u>	<u>Total Outstanding</u>	<u>Proportionate Amount of Lien on District Lands</u>
No. 1 .....	\$165,753	\$124,315
No. 2 .....	46,229	37,445
No. 5 .....	4,433	2,438
No. 10 .....	134,714	2,020
No. 14 .....	89,835	89,835
Total.....		\$256,053

(d) Summary of Taxes

A summary of the taxes levied for 1936-37 by city and county officials, is given below:

County Taxes .....	\$307,634
City       “ .....	84,384
Sch. Dist. “ .....	103,331
Spel. Dist. “ .....	72,932
Total .....	\$568,281

If city taxes are omitted from the above total, the taxes levied by county officials amount to only \$483,897. This figure may be used in arriving at a net value for crops grown in the district.

## VI. District Bond and Warrant Service Requirements

### (a) Bonds

District has bonds in the principal amount [608] of \$4,120,000 bearing interest at the rate of 5.5 per cent per annum, and in the principal amount of \$12,070,000 bearing interest at the rate of 6 per cent per annum, outstanding. These bonds have been in default for several years and as of September

29, 1936, the default in accordance with the schedule for these issues, is reported as follows:

Bonds due and unpaid.....	\$ 202,000
Bond coupons due and unpaid.....	2,857,545
Int. on reg. bonds and coupons.....	305,875
<hr/>	
Total .....	\$3,365,420

Under the existing bond schedule the amounts of bond interest and principal becoming due during 1937 are as follows:

Bond Interest due Jan 1 1937.....	\$ 469,370
“ “ “ Jul 1 1937.....	466,820
“ Maturities “ Jan 1 1937.....	85,000
<hr/>	
	\$1,021,190
Adding existing default .....	3,365,420
<hr/>	
Total .....	\$4,386,610

To provide sufficient revenue to meet the above requirements, if levied in accordance with the provisions [609] of Section 39 of the Irrigation Act, assessment rate of \$45.19 per \$100 assessed valuation, based on the valuations for 1936-37 and allowing for a delinquency of 15 percent, would be required.

At the present time, R.F.C. is holding district bonds of the above issues in the principal amount of \$14,624,000, which were purchased from former owners at the rate of 51.5 cents on the dollar, leav-

ing bonds in the principal amount of \$1,566,000 held by other owners. District has filed a petition in bankruptcy, which will probably be nullified because of the decision of the United States Supreme Court declaring the Municipal Bankruptcy Act unconstitutional. It is not known what the final disposition of the original bonds still outstanding will be. Under the loan contract with R. F. C. the district must provide for payment of interest at the rate of 4 percent per annum on the amount of the loan so far disbursed and provide payment to the bond interest reserve fund of \$92,200 each year. The interest requirement on the R. F. C. loan is approximately \$301,500. Adding the reserve fund payment, loan requirements total \$393,700, which under the loan agreement, must be [610] provided during 1937.

Assuming that the undeposited bonds may be refunded on the R. F. C. loan basis, the total bond service requirement including reserve fund payments for 1937, would be \$416,200.

The loan agreement further provides that power revenues exceeding \$100,000, up to a total of \$500,000, must be set aside for the service of refunding bonds. In years of normal precipitation the power revenue allocated to R. F. C. refunding bonds would total \$400,000, as the total income from power sources during these years usually exceeds \$500,000. Assuming that \$400,000 is available for loan requirements in 1937, no assessment need be levied for service of the loan.

During 1935, the district paid interest at the rate of 4 percent per annum on the liquidating value of bonds deposited under the R. F. C. loan refunding plan for the period during which the bonds were on deposit. A total of \$239,838.98 was expended for this purpose.

Bond interest and maturities of Fruitland Drainage District and Drainage Districts Nos. 1 and 2 are paid by Merced Irrigation District. The total [611] principal amount of bonds of these districts now outstanding is \$29,250. The payments on these bonds have been included as a contractual obligation under district costs in the foregoing text.

#### (b) Warrants

District has no interest bearing warrants outstanding.

### VII. District Valuations and Assessments

No water tolls are collected by the district, the total cost of water to the landowner being represented by the amount of assessment paid by him. The district valuations, assessment rates and other assessment data for the past two and ensuing years are shown in the following tabulation:

	<u>1934-35</u>	<u>1935-36</u>	<u>1936-37</u>
Acres owned by District	12,569	20,514	25,475
Total Acres assessed.....	164,556	156,611	151,650
Total Assessed Val'n.....	\$12,158,405	\$12,078,870	\$11,420,790
Assesment Rate .....	\$ 1.70	\$ 3.00	\$ 3.00
Total Assmt. Levied.....	\$ 206,690	\$362,409.85	\$342,623.70
Present Delinquency .....	7.25%	9.68%	—

Most irrigable lands in the district have a valuation of from \$21 to \$120 per acre, which, under [612] an assessment rate of \$3.00 per \$100 assessed valuation, pay an annual charge of \$0.63 to \$3.60 per acre. The average assessment would be approximately 2.15 per acre. Assessment rates for several years past, the percent delinquent on the last Monday in June of the year in which the assessment was made and the delinquencies as of July 1, 1936, are shown below:

Year	Valuation	Rate	Unpaid on Delinquent Date	Delinquent As of 7-1-36
1928-29 .....	\$20,686,900	\$6.00	9.51%	.031%
1929-30 .....	20,279,175	6.00	9.62%	.75 %
1930-31 .....	20,246,775	5.90	17.63%	4.07 %
1931-32 .....	19,159,570	5.60	37.40%	13.32 %
1932-33 .....	12,873,880	8.90	62.80%	24.39 %
1933-34 .....	12,292,410	1.00°	31.70%	16.03 %
1934-35 .....	12,158,405	1.70°	18.03%	7.25 %
1935-36 .....	12,078,870	3.00°	9.68%	9.68 %

°Levied under the provisions of Section 11 of the California Districts Securities Commission Act.

The total amount of the delinquencies listed above remaining unpaid as of July 1, 1936, was \$515,980.31. A portion of this amount is being paid on deferred payment plans, as shown below:

	Total to be Paid	Paid to Date	Amount Unpaid
#1 Ten Year Plan.....	\$290,753.74	\$58,150.75	\$232,602.99
#2 " " " .....	17,187.32	1,718.73	15,468.59
Four " " .....	35,943.58	26,957.70	8,985.88
	\$343,884.64	\$86,827.18	\$257,057.46

## VIII. District Income

## (a) Power Sales

When the seasonal precipitation is sufficient to fill the reservoir behind the district's Exchequer Dam to capacity, the income from power sales for the following year usually exceeds \$500,000. The average for all the years since the completion of the dam to and including 1935, however, is \$380,675. As stated above, the first \$100,000 from annual power sales and all above \$500,000 in income from the same source go into the general fund of the district and the remainder is allocated to bond service. The power income for 1937 is estimated at \$500,000, of which \$100,000 will go to the general fund and \$400,000 to the bond fund.

## (b) Water Tolls

Some water is sold outside the district when the supply is sufficient and a charge is made for water in excess of a maximum duty per acre determined by the board of directors. In 1935, water sales totaled \$12,541.41, and for 1937 are estimated at \$10,500. [614]

## (c) Land Rentals

The district has acquired 25,475 acres of land by tax deed. Some of this land has been rented each year for several years past. In 1935, land rentals collected totaled \$24,541.47. The anticipated income from this source for 1937 is \$25,000.

(d) Redemptions

As shown above, portions of the delinquent assessments are being paid on a deferred payment basis. At present these partial payments total \$39,779.98 per year. In addition, some lands are redeemed by payment of all delinquent assessments at one time. In 1935, redemptions, including interest, penalties and costs, totaled \$181,529.21. The same items for 1937 are expected to total about \$77,260.

(e) Other Income

In 1935, miscellaneous income consisting of land sales, interest on bank deposits and equipment rentals totaled \$4,921.19. The estimate of this income for 1937 is \$3,500. [615]

(f) Summary of District Income

The total estimated district income for 1937 is tabulated below:

Power Sales .....	\$500,000
Water Sales .....	10,500
Land Rentals .....	25,000
Redemptions .....	77,260
Other Income .....	3,500
<hr/>	
Total .....	\$616,260

IX. Comparison of District Crop Values with Requirements

In the foregoing text, the net value of crops produced in the district as a whole before taking taxes and district costs into account has been estimated

at \$802,790. From this amount, taxes and district costs may be considered as payable, as is shown in the following statement:

Net Value of Crops.....		\$802,790
County, School & Spec. Taxes.....	\$483,897	
District Costs (Est. 1937).....	507,490	\$991,387
<hr/>		
Less District income other than		
Assessments .....	616,260	375,127
<hr/>		
Net value before Bond Service Requirements.....		\$427,663
Bond Service Requirements (R. F. C. Refunding).....		416,200
<hr/>		
Excess of Crop Values over Requirements.....		\$ 11,463
		[616]

In the above statement the amount of the city taxes has been omitted as not being payable directly from crop values. The statement indicates that the district income, taken as a whole, is approximately equal to the total requirements, provided the refunding is completed. If interest and maturities of the unrefunded bonds are to be paid in accordance with their original schedules and the default upon them corrected, it is probable that the bond service requirements shown above would be increased by about \$375,000 and there is no indicated ability to make such additional payment.

## X. Comment

The board of directors has determined that the assessment rate for 1936-37 should be \$3.00 per \$100 assessed valuation, which is equivalent to a total levy of \$342,623.70. This is the same rate

as was levied for 1935-36. If paid with a delinquency not exceeding 15% this rate provides, with revenue from other sources, funds sufficient to meet district requirements with all bonds refunded on the basis of the R. F. C. loan plan. In all the above estimates it has been assumed that power revenue [617] will total \$500,000, which is higher than the preceding 9 year average.

The bond interest reserve fund now has a balance of \$184,845, sufficient to care for the possibility of an unexpected decrease in district revenues. The rate of \$3.00 per \$100 assessed valuation will probably be the rate of assessment for several years as it appears it will produce just about the required revenue in normal years.

It is recommended that the levy be approved.

[Seal] [618]

I hereby certify that the foregoing is a full, true and correct copy of report of investigation of the affairs of Merced Irrigation District prepared for the Commission in October 1936 in accordance with the provisions of Section 11 of the California Districts Securities Commission Act.

[Seal] (Signed) W. H. GOLDSWORTHY,  
Assistant Secretary, California Districts Securities  
Commission.

Dated:

San Francisco, California,

December 4, 1937. [619]

## PETITIONER'S EXHIBIT NO. 32A

## ORDER NO. 62

This exhibit was an approval of the assessment rate by the District Securities Commission for the assessment year 1936-37 and was in like form as Exhibit No. 29A. [622]

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## PETITIONER'S EXHIBIT NO. 33

This was a report by the California Districts Securities Commission upon an investigation of the affairs of the Merced Irrigation District pursuant to Section 11 of the California Districts Securities Commission Act for the year 1937 and in the same form as described in Exhibit No. 32. [623]

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## PETITIONER'S EXHIBIT NO. 33A

## ORDER NO. 63

This exhibit was an approval of the assessment rate by the District Securities Commission for the assessment year 1937-38 and was in like form as Exhibit No. 29A. [624]

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## PETITIONER'S EXHIBIT NO. 34

This exhibit was Page 24 from Price Index issued in October 1938 by the Bureau of Agricultural Economics, U. S. Department of Agriculture, reading as follows:

GENERAL TREND OF PRICES AND WAGES  
[1910-14=100]

Year and month	Whole- sale prices of all com- modities (1)	Industrial wages (2)	Prices paid by farmers for com- modities used in (3)—				
			Living	Produc- tion	Living and produc- tion	Farm wages	Taxes (4)
1920.....	225	222	222	174	201	239	209
1921.....	142	203	161	141	152	150	222
1922.....	141	197	156	139	149	146	224
1923.....	147	214	160	141	152	166	228
1924.....	143	218	159	143	152	166	228
1925.....	151	223	164	147	157	168	232
1926.....	146	229	162	146	155	171	232
1927.....	139	231	159	145	153	170	238
1928.....	141	232	160	148	155	169	239
1929.....	139	236	158	147	153	170	241
1930.....	126	126	148	140	145	152	238
1931.....	107	207	126	122	124	116	217
1932.....	95	178	108	107	107	86	188
1933.....	96	171	109	108	109	80	161
1934.....	109	182	122	125	123	90	153
1935.....	117	191	124	126	125	98	(5) 154
1936.....	118	199	122	126	124	107	.....
1936							
November.....	120	201	.....	.....	127	.....	.....
December.....	123	211	124	133	128	.....	.....
1937							
January.....	125	209	.....	.....	130	103	.....
February.....	126	211	.....	.....	132	.....	.....
March.....	128	218	127	139	132	.....	.....
April.....	128	219	.....	.....	134	112	.....
May.....	128	219	.....	.....	134	.....	.....
June.....	127	220	129	141	134	.....	.....
July.....	128	218	.....	.....	133	123	.....
August.....	128	220	.....	.....	132	.....	.....
September.....	128	215	129	132	130	.....	.....
October.....	125	214	.....	.....	(5) 128	126	.....

Year and month	Index numbers of farm prices (August 1909-July 1914=100)								Ratio of prices received to prices paid
	Grains	Cotton and cottonseed	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs	All groups	
1920.....	232	248	191	.....	174	198	223	211	105
1921.....	112	101	157	.....	109	156	162	125	82
1922.....	106	156	174	.....	114	143	141	132	89
1923.....	113	216	137	.....	107	159	146	142	93
1924.....	129	212	125	150	110	149	149	143	94
1925.....	157	177	172	153	140	153	163	156	99
1926.....	131	122	138	143	147	152	159	145	94
1927.....	128	128	144	121	140	155	144	139	91
1928.....	130	152	176	159	151	158	153	149	96
1929.....	120	144	141	149	156	157	162	146	95
1930.....	100	102	162	140	133	137	129	126	87
1931.....	63	63	98	117	92	108	100	87	70
1932.....	44	47	82	102	63	83	82	65	61
1933.....	62	64	74	105	60	82	75	70	64
1934.....	93	99	100	104	68	95	89	90	73
1935.....	103	101	91	127	118	108	117	108	86
1936.....	108	100	100	113	121	119	115	114	92
1936									
December.....	134	105	93	99	122	127	133	126	98
1937									
January.....	143	107	105	115	128	128	110	131	101
February.....	146	108	127	143	126	126	101	127	96
March.....	145	116	133	131	129	125	102	128	97
April.....	154	117	142	127	130	120	104	130	97
May.....	149	112	152	139	133	116	96	128	96
June.....	139	107	157	124	137	113	95	124	93
July.....	139	106	145	96	144	116	102	125	94
August.....	119	90	123	104	151	119	109	123	93
September.....	111	74	121	117	144	123	119	118	91
October.....	93	67	99	130	136	128	127	112	(5)88
November.....	85	65	88	124	120	132	135	107	(5)84

(1) Bureau of Labor Statistics Index with 1926=100, divided by its 1910-14 average of 68.5.

(2) Average weekly earnings, New York State factories. June 1914 =100.

- (3) These indexes are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, September, and December. The indexes for other months are interpolations between the successive quarterly indexes.
- (4) Index of farm real estate taxes, per acre, 1913=100.
- (5) Preliminary.

[625]

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PETITIONER'S EXHIBIT NO. 35  
REPORT

This exhibit was a report of Dr. Benedict. A printed copy of this report is hereunto annexed. [Set forth in separate volume.] [626]

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PETITIONER'S EXHIBIT NO. 36  
TESTIMONY OF DR. BENEDICT.

This exhibit is the testimony of Dr. Benedict. This testimony is already set forth in narrative form in the condensed statement of testimony. [Set forth at page 432 of this printed record.] [627]

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PETITIONER'S EXHIBIT NO. 36A  
TESTIMONY OF MR. LESTER

This testimony is already set forth in narrative form in the condensed statement of testimony. [Set forth at page 494 of this printed record.] [628]

## PETITIONER'S EXHIBIT NO. 37

was a letter addressed by the Bondholders' Committee to the bondholders, dated December 15, 1933, reading as follows: [629]

Merced Irrigation District

Bondholders' Protective Committee

Committee

Livingston B. Keplinger, Chairman

Thos. W. Banks, Vice-Chairman

Charles D. Bates

Milo W. Bekins

Reed J. Bekins

Archibald Borland

Hon. Geo. E. Crothers

Mark C. Elworthy

Victor Etienne, Jr.

Robert Fullerton, Jr.

Hon. James N. Gillett

M. Vilas Hubbard

Myford Irvine

Counsel

Orrick, Palmer & Dahlquist

Financial Center Building

San Francisco

Secretaries

W. L. Temple

485 California Street, San Francisco

Telephone Sutter 7995

B. P. Lester

621 South Spring Street, Los Angeles

Telephone Mutual 2351

To the Holders of Bonds of Merced Irrigation  
District:

The undersigned Bondholders' Protective Committee is pleased to announce that a Refunding Plan has been formally adopted by the Board of Directors of the Merced Irrigation District, has received the approval of the California Districts Securities Commission, and has been approved by the voters of the District at an election held November 22, 1933. More than \$5,800,000 of the District's outstanding bonds (approximately 35% of the bonds to be refunded) are already on deposit with the Committee. Before the Plan may be consummated and the refunding bonds issued by the District, however, sufficient additional outstanding bonds must be deposited with the Committee to enable it to formally adopt the Plan in accordance with the terms of the Deposit Agreement of March 1, 1932, and, accordingly, if you have not already deposited your bonds, the Committee urges that you do so at once.

The primary object of the Refunding Plan is to re-establish the value of the bonds of the Merced Irrigation District by (1) preserving intact the principal amount of the District's bonded debt, (2) reducing the annual bond interest and sinking fund charges to a basis believed to be within the ability of the landowners to meet, (3) rehabilitating the general financial condition of the District and (4) encouraging future colonization and development of the District.

The paragraphs which follow present briefly:

1. The District's existing critical financial condition;
  2. The basic causes underlying the District's inability to carry its existing bonded indebtedness;
  3. The general terms of the Refunding Plan adopted by the District.
1. The District's Existing Critical Financial Condition.

Early in 1931, the critical financial condition of the Merced Irrigation District was first brought to the attention of the Committee. Farm prices had begun to recede from the levels of previous years, thereby curtailing the landowners' ability to meet their assessments, with the result that 17.6% of the 1930-1931 assessment was unpaid and the District defaulted on a portion of its bond interest due July 1, 1931. In the same year the State of California

experienced a severe drought, with the result that the District received from the sale of power only \$95,917 (as compared with a normal average annual expectancy of approximately \$450,000) and the District was forced to borrow funds with which to operate.

The following year, steadily decreasing farm prices were reflected in a 37.4% delinquency in the collection of the 1931-1932 assessment, with the result that the District was forced to default in the payment of its interest coupons due January 1 and July 1, 1932. However, in 1932 the District was fortunate in receiving \$602,510 from the sale of power, which tended to compensate for the heavy delinquency in the collection of assessments and made possible the payment of all but \$20,065 of the bond interest due January 1 and July 1, 1932 prior to the collection of the next year's assessment.

A delinquency of 62.8% was experienced in the collection of the 1932-1933 assessment. This excessive delinquency, coupled with a revenue of only \$316,924 from the sale of power during 1933, provided the ultimate phase of the District's financial collapse. At the present time approximately \$150,-[630] 000 of the coupons and \$36,000 of the bonds due January 1, 1933, and all of the \$475,400 of interest coupons due July 1, 1933 are in default. An additional \$475,400 of coupons and \$63,000 of bonds will fall due January 1, 1934, or a total impending interest and principal default of approximately \$1,200,000. Had the Refunding Plan not been

adopted, the District faced the legal requirement of setting a 1933-1934 assessment rate, according to District officials, of approximately \$15.60 per \$100 of assessed valuation (as compared with the 1932-1933 assessment rate of \$8.90 per \$100, payment of which was 62.8% delinquent). The foregoing figures have been taken from the District's records, which the Committee has relied upon and checked to the best of its ability. It cannot, of course, guarantee them but it believes them to be correct.

The District's shortage of money for bond interest and retirement has been accompanied by a correspondingly severe shortage of funds for District operation and maintenance. Since 1931, expenditures for operation and maintenance have necessarily been curtailed. The Committee has been advised by officials of the District that the irrigation system of the District is in need of extensive repairs, betterments and extensions. Essential expenditures for repairs, replacements and maintenance should now be made if the District is to function properly—such expenditures can be deferred no longer. Seepage and insufficient drainage are ruining large acreages of arable land; Johnson grass, Bermuda grass and other noxious weeds, through lack of control, are interfering with the flow of water in the canals and causing excessive seepage, and during irrigation noxious weed seeds are spread over the land irrigated; deferment of necessary repairs to the main canal tunnel seriously threatens

the District's water supply; and necessary repairs and replacements to the District's gates, canals, booster systems and drainage pumps must be made without further delay if the District is to function with reasonable efficiency. As a result of its own investigation the Committee is of the opinion that conditions in the District are in fact as represented by the District's officials.

## 2. Basic Causes Underlying the District's Inability to Carry its Existing Bonded Indebtedness.

The following, in the opinion of the Committee, are the basic causes which have contributed to the District's inability to carry its existing bonded indebtedness and clearly indicate that the relief provided by the Plan is necessary if the District is to continue in existence as a going concern with sufficient ability to meet its obligations.

### (a) Large Areas of Land Incapable of Paying Costs of Water Under Present Conditions.

Partly through inaccuracies of the government soil survey of the Merced area which was used as a guide in fixing the boundaries of the District and through inaccurate information as to the capability of certain lands, and partly through desire to include as much land as possible in the District in order to spread the financial burden over as large an acreage as possible, extensive areas of land were included in the District which have not proved able in the light of actual experience to pay the costs of water under the Merced Irrigation District project.

Necessarily, prior to the construction of the physical works of the District, these earlier estimates were approximate only. In 1933, Mr. J. S. Cone, at the request of the District, completed a thorough classification and appraisal of the lands within the Merced Irrigation District based upon conditions of actual operation under the District's irrigation works. Mr. Cone's conclusions in general are verified by the Committee's representative Mr. R. L. Underhill, although Mr. Underhill placed a higher appraisal upon the lands in the District. According to Mr. Cone's appraisal, there are 171,610 acres of land in the District after excluding land within the boundaries of incorporated cities, railroad rights-of-way, roads, and irrigation district and county works and properties. Of such 171,610 acres, 90,758 acres were found by Mr. Cone to be good land and 80,852 acres taken as a whole were found to be capable of bearing but very little of their share of the District's bonded indebtedness under existing conditions. The future development of this land is problematical and the Committee is of the opinion that the possibility of substantial immediate income from these lands must be discounted.

The cost of distributing water to a large portion of such 80,852 acres, which are largely on the outside edges of the District, is far greater than the ability of the land to pay for the water delivered out of present earnings. Such land is characterized by heavy, tight and shallow soils, light blow sand, alkali to an injurious extent, rough topography

and poor drainage, and as subsequent events have proven, much of it probably should not have been included in the District, since the inclusion has thereby increased the cost of water service in so far as District operations are concerned without the full corresponding benefit of increased collections. Such land is adaptable chiefly to rice, pasture or grain, and the District has [631] found it necessary to restrict the amount of acreage which may be planted to rice because of the damage which the excessive irrigation required by rice inflicts upon adjoining areas of better land.

Of the 90,758 acres of better land in the District, approximately 17,000 acres are located above the level of gravity distribution of water. There are about 4,000 acres of this area served by private pumping plants installed prior to the formation of the District and which are entitled either to a refund of a portion of the full assessment levied or to low assessed valuation when irrigating from private pumping plants. Water must be boosted to the remaining 13,000 acres of such area, resulting in a heavy pumping charge to the District in addition to the normal cost of gravity water delivery, thereby increasing the annual cost of delivery of water to such lands, in many cases, far above the amount of the annual assessment which the District levies against such lands. The Committee therefore believes that the major portion of the burden of carrying the District's funded debt must, for the

time being at least and for a considerable time to come, be met almost in its entirety by the owners of the 74,000 acres of better land below gravity and by the residents of the incorporated cities and towns. As an example of the heavy irrigation district charges borne in the past by property owners of the City of Merced, the following comparison sets forth the population and the 1932-33 irrigation district assessed value, assessment rate and the amount of assessment, for the cities of Merced, Modesto and Turlock:

1932-1933 IRRIGATION DISTRICT ASSESSMENT				
	1930 Population	Assessed Valuation	Assessment Rate	Amount of Assessment
Merced .....	7,063	\$1,740,400	\$8.90	\$154,895
Modesto .....	13,847	1,970,920	3.10	61,098
Turlock .....	4,256	714,000	3.00	22,420

(b) Failure to Colonize the District.

The Merced Irrigation District began active operation of its irrigation works in 1926. The Crocker-Huffman system (which the District purchased) had been serving some 50,000 acres with water. Such acreage comprised the better and more highly developed lands in the District. Much of the new area brought into the system was held in large tracts by real estate companies for subsequent contemplated development. The subdivision, sale and development of such large tracts progressed slowly and unsatisfactorily, and had only really begun when the collapse in the prices of farm commodities and the value of farm lands put an end to further colonization of the District. As a result, the failure to

properly colonize the large relatively undeveloped areas being offered for sale, prevented such lands from assuming their full share of the District's financial burdens.

(c) Irregularity of Annual Power Revenue.

The financial condition of the Merced Irrigation District is always menaced by the extreme fluctuations in the amount of revenue which the District receives annually from the sale of power. While the District has an advantageous contract for the sale of the power which it generates, the amount of power generated in any year depends entirely upon the amount and character of the flow of the Merced River. From 1927, when the power house completed its first full calendar year of operations, until 1933, receipts from the sale of power revenue have been as follows:

Calendar Year	Receipts From Sale of Power
1927	\$569,204
1928	485,757
1929	296,412
1930	308,931
1931	95,917
1932	602,510
1933	316,924

In addition to the above \$602,510 received in 1932, the District is claiming an additional \$18,664, and such item is now in litigation. Excluding the abnormally dry year of 1931, the power revenue has

averaged approximately \$430,000 annually. Based upon past records of the flow of the Merced River, engineers have estimated that the annual income from the sale of power over a long period of years should average between \$450,000 and \$500,000. It has been the practice of the District to meet its funded debt requirements from the proceeds of assessments and to pay the major portion of its operating and capital expenditures, which will average approximately \$450,000 a year, from funds received from the sale of power. In the absence of a reserve being set aside to equalize the extreme variation in the annual income [632] from the sale of power, the District cannot rely in any particular year upon power income alone to provide sufficient funds for its operations.

(d) Collapse of farm prices.

The collapse of farm prices and values of farm property during the past few years is all too familiar a subject to need elaboration here. Its effect, however, is graphically portrayed in the mounting delinquency which has attended the collection of assessments in the District:

Assessment Year	Amount of Assessment	Amount of Assessment Unpaid at Time of Delinquency	Percentage of Delinquency
1930-31 .....	\$1,194,585	\$210,596	17.6%
1931-32 .....	1,071,567	401,361	37.4%
1932-33 .....	1,148,483	721,188	62.8%

The delinquent assessments (exclusive of interest, penalties and costs) now standing against lands

within the District aggregate more than \$1,167,000. The District has taken title to more than 10,000 acres of land for non payment of assessments and an additional 6,000 acres of land are subject to deed to the District for the same cause.

In the early part of 1933, the Agricultural Experiment Station of the College of Agriculture of the University of California completed a survey of farm incomes and expenses in the Merced Irrigation District from 1926 to 1931, inclusive (the "Benedict" report). While the compilation of such a survey is attended with extreme difficulty and the results must be carefully interpreted, the general conclusions brought forth were that farm income available for the payment of District assessments during 1930-31-32 declined at a rate even greater than the fall of farm prices, and that during those years, the irrigation district assessments required under the present debt could be met out of the earnings of only a small portion of the District's best and most highly developed land.

### 3. General Terms of the Refunding Plan Adopted by the District.

There is enclosed for your information a copy of the resolution of the Board of Directors of the District dated October 17, 1933 together with a summary and analysis of the Plan set forth in its resolution. Briefly the subjects covered by the Plan are:

#### (a) Description of Refunding Bonds.

There are now outstanding \$16,190,000 par value

of unmatured bonds of the Merced Irrigation District, due serially from 1934 to 1966, of which \$12,070,000 are 6% serial bonds and \$4,120,000 are 5½% serial bonds. The Plan provides that the present 6% serial bonds shall be exchanged for 4.4% sinking fund bonds and the present 5½% serial bonds be exchanged for 4% sinking fund bonds, without any reduction of par value. Full fixed interest rates of 4.4% and 4% upon the refunding bonds will commence in 1942.

For the year 1933, the Plan provides that the District shall complete the payment of the bonds and coupons which were due January 1, 1933, but that no payment is to be made upon the coupons which were due July 1, 1933 and that the payment of the bonds and coupons which were due January 1, 1933 is to constitute in effect full payment of interest falling due during the entire year.

From 1934 to 1941, inclusive, the refunding bonds will bear interest in accordance with the following schedule:

Year	INTEREST PER \$1000 4.4% BOND			INTEREST PER \$1000 4% BOND		
	Fixed Interest	Contingent Interest	Total Interest	Interest Fixed	Contingent Interest	Total Interest
1934		\$22.00	\$22.00		\$20.00	\$20.00
1935	\$11.00	11.00	22.00	\$10.00	10.00	20.00
1936	11.00	11.00	22.00	10.00	10.00	20.00
1937	22.00	11.00	33.00	20.00	10.00	30.00
1938	22.00	11.00	33.00	20.00	10.00	30.00
1939	33.00	11.00	44.00	30.00	10.00	40.00
1940	33.00	11.00	44.00	30.00	10.00	40.00
1941	33.00	11.00	44.00	30.00	10.00	40.00

The above fixed interest will be payable in the customary manner, half on January 1, and the remainder on July 1 of each of the years shown; the contingent interest will be evidenced by Contingent Interest Coupons maturing on January 1, of the next succeeding year, i.e., the 1934 contingent interest will be evidenced by Contingent Interest Coupons maturing January 1, 1935. [633]

The Contingent Interest Coupons will be payable from a fund to be composed of a portion of the proceeds from the redemption of delinquent assessments and a portion of the revenues from the sale of power, as provided in the terms of the Plan. The Contingent Interest Coupons will be payable irrespective of their maturity dates, but will be payable in the order of their maturity dates as and when funds are available. They will constitute a permanent obligation of the District and the fund from which they are to be paid eventually will be continued in existence under the Plan until all of such contingent coupons have been paid in full.

(b) Sinking Fund Provisions.

The refunding bonds will mature in 1983. From 1934 to 1941, inclusive, the Plan provides that a portion of the annual revenue from the sale of power shall be used for the purchase of refunding bonds and, commencing in 1942, the Plan provides a schedule of annual sinking fund payments to retire at par all of the refunding bonds at or prior to maturity.

## (c) Reserve Fund.

In order to equalize the irregularity of the District's annual income from the sale of power, the Plan provides for the creation of the emergency revolving fund to provide the District with working capital until funds are subsequently available from power revenue, assessments and other sources.

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During the period of more than two and one-half years in which the Committee has been negotiating with the representatives of the Merced Irrigation District, the members have given a great deal of their time to properly inform themselves as to the conditions which must be met by any workable Refunding Plan. The Committee also has had the benefit of a comprehensive investigation of the underlying facts, not only by its own observers, but by the College of Agriculture of the University of California. In the opinion of the Committee, the Refunding Plan adopted by the District is designed to insure the maximum return to the bondholders and, at the same time, not to impose burdens upon the District which will be beyond the ability of the landowners to meet.

The Plan provides drastic temporary relief in order that the District may be cleared of an immediately impending burden of approximately \$1,200,000 of unpaid matured coupons and bonds. During the period of temporary relief, the Plan assures the District of sufficient funds to continue

in operation and permits the District to provide for the capital replacements and maintenance which have been deferred during the past three years of financial stringency. Through the creation of the emergency revolving fund, the Plan attempts to equalize the unpredictable irregularity of the District's annual income from the sale of power.

In the opinion of the Committee, in addition to according the temporary relief which appears to be vital to the rehabilitation of the District, the Plan will act to stabilize conditions within the District to such an extent that the present landowners will be encouraged to continue to operate their holdings and to resume payment of District assessments, and outside capital will be attracted to develop the potentially good irrigable farm land which is not now bearing its share of the District's financial burden.

As has been previously indicated, the District is severely burdened with the cost of delivering water to lands above gravity flow of water and to outlying areas of poor land. In order to release the District from its obligation to serve such areas with water, the Committee has assured the District that it will cooperate with the District to provide for the exclusion of such lands from the District. The assessed valuation of the total amount of lands so excluded, however, shall not exceed 8% of the entire assessed valuation of the District (based upon the 1933-1934 assessment roll). Inasmuch as the exclusion of any good lands from the District auto-

matically increases the burden upon the remaining lands, it is reasonable to assume that the exclusion of lands will be confined to those areas which are a financial burden to the District rather than a source of income. The Committee believes that such a provision for the exclusion of certain lands will directly benefit the bondholders through a reduction of the District's annual operating charges without a comparable corresponding loss of income.

The Committee has assured the District that it will cooperate in any application made by the District to secure Federal or State aid in the repurchase or refinancing of the District's bonds, and that in the event funds for such purpose are made available from a Federal or State agency, such offer will be submitted to the bondholders. [634]

The members of the Bondholders' Protective Committee will continue to serve without compensation for their services. The District has received the necessary authority to pay for the costs of effecting the Refunding Plan whether the Plan is declared operative or not, and is making provisions for such expenses. Accordingly, it is contemplated that the bondholders will not be required to pay any of the costs or expenses incident to the refunding except to the extent, if any, that the District shall fail to pay such expenses, in which event, no personal liability will exist on the depositing bondholders and the maximum expense chargeable to the deposited bonds will not exceed 2% of the face amount thereof. The legal opinion of Messrs.

Orrick, Palmer & Dahlquist, attorneys-at-law of San Francisco, certifying to the validity of the re-funding bonds will be required prior to the actual issuance and delivery of the bonds.

For the convenience of those who have not already deposited their bonds, there is enclosed a Letter of Transmittal, which should be filled out, signed and forwarded, together with bonds to be deposited, to one of the following Depositaries:

The Anglo California National Bank of

San Francisco

Sansome and Market Streets

San Francisco, California

Bank of America National Trust and Savings  
Association

485 California Street

San Francisco, California

Citizens National Trust & Savings Bank of  
Los Angeles

Fifth and Spring Streets

Los Angeles, California

Security-First National Bank of Los Angeles

Sixth and Spring Streets

Los Angeles, California

Deposits may also be made through any of the branches of the above Depositaries.

If you have not already deposited your bonds, the Committee urges that you do so at once. Deposits must be made under the Deposit Agreement of March 1, 1932, copy of which may be obtained

from the Secretaries of the Committee. Under the terms of the Deposit Agreement, Depositors are entitled to notice and an opportunity to withdraw their bonds upon the actual adoption of the Plan by the Committee and prior to its consummation. More than \$5,800,000 of the District's outstanding bonds are already upon deposit with the Committee. Additional information is available at the offices of the Secretaries of the Committee: W. L. Temple, 485 California Street (Sutter 7995), San Francisco, or B. P. Lester, 621 South Spring Street (Mutual 2351), Los Angeles.

Yours very truly,  
LIVINGSTON B. KEPLINGER,  
Chairman,  
THOS. W. BANKS,  
Vice-Chairman,  
CHARLES D. BATES,  
MILO W. BEKINS,  
REED J. BEKINS,  
ARCHIBALD BORLAND,  
HON. GEO. E. CROTHERS,  
MARK C. ELWORTHY,  
VICTOR ETIENNE, JR.,  
ROBERT FULLERTON, JR.,  
HON. JAMES N. GILLET, T,  
M. VILAS HUBBARD,  
MYFORD IRVINE.

December 15, 1933. [635]

PETITIONER'S EXHIBIT No. 38

Copy of proceedings in Circuit Court of Appeals, set out in Respondents' Exhibit "OO" at pages 333 to 339, inclusive. [637]

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RESPONDENTS' EXHIBIT "A"

was a copy of check, voucher and demand for payment of interest, as follows:

No. 35288

Merced Irrigation District

Mercèd, California

December 29, 1936

Merced Branch

90		90
—	BANK OF AMERICA	—
337		337

National Trust and Savings Association

Merced, California

197845

To the Treasurer of Merced Irrigation District

Pay From A2566 Exactly \$151889 & 71 Cts Dollars

\$151,889.71 Second Refunding Bond Interest

To the Order of Federal Reserve Bank of

San Francisco

San Francisco

California

Authorized by Board of Directors

of Merced Irrigation District

(Signed) D. K. BARNELL

President

(Signed) H. P. SARGENT

Secretary [638]

[Endorsed on back]:

Received payment

FEDERAL RESERVE BANK OF  
SAN FRANCISCO

Custodian and Fiscal Agent

Reconstruction Finance Corporation

Pay to the order of any Bank or Banker.

For collection only.

All prior endorsements guaranteed.

Dec. 30, 1936.

FEDERAL RESERVE BANK  
OF SAN FRANCISCO

11-37 San Francisco, 11-37

California

Description—Interest for Period July 1 to Dec.  
31, 1936, inc., on Reconstruction Finance Corp.,  
Custodian Loans No. 475 & 475A

Amount—\$151,889.71.

Distribution

Amount—151889.71

Total

Vouchers Payable

December 29, 1936

Merced

No. 35288

Irrigation District

Refunding Bond Interest

\$151,889.71

Federal Reserve Bank of San Francisco

San Francisco

California

(Signed) E N

approved

(Signed) L. W. HESSE

approved for payment [639]

Mail All Checks to Custodian Bank

(This copy to be sent to borrower)

R. F. C. Form No. T-52 (Rev.) Date Dec. 22, 1936

Original

Treasurer, (Name)

Merced Irrigation District (City)

Merced, Calif. (State)

Gentlemen:

Following is a statement of your indebtedness to the Reconstruction Finance Corporation for..... interest which,.....will become due and payable on Jan. 1, 1937.

Interest is computed on the daily balance of the principal beginning with the date the proceeds of the loan were disbursed for the actual number of days on the basis of 365 days to the year.

Remittance should be made to this bank in immediately available funds or funds that will be available on the day the principal and/or interest become due and payable.

Very truly yours,

FEDERAL RESERVE BANK OF  
SAN FRANCISCO (Custodian)

(Signed) CHESTER D. PHILLIPS

Assistant Cashier

Effective Date	Principal Balance	No. of Days	Dollar Days	Interest Rate	Interest
Custodian Loan No. 475					
July 1, 1936...	\$7,487,569.28	184	\$1,377,712,747.52	4%	\$150,982.22
Custodian Loan No. 475-A					
July 1, 1936...	43,260.84	128			
Nov. 6, 1936...	44,805.87	21			
Nov. 27, 1936	51,501.00	35	8,280,845.79	4%	907.49
					<hr/> \$151,889.71

Order No. ....

Material Rec'd .....

Price O.K. ....

Extensions O.K.—E. N.

Charge—D-

[640]

## RESPONDENTS' EXHIBIT "B"

was a letter from the Committee to the bondholders, dated Jan. 7, 1935, as follows:

To the Holders of Bonds of Merced Irrigation District:

Under date of December 15, 1933, the undersigned Bondholders' Protective Committee announced that a Refunding Plan had been formally adopted by the Board of Directors of the Merced Irrigation District, had received the approval of the California Districts Securities Commission, and had been approved by the voters of the District at an election held November 22, 1933. Concurrently with such announcement copies of such Plan were forwarded to bondholders. Up to the present time, the holders of approximately 60% of the District's outstanding bonds have deposited or agreed to deposit with the Committee.

Bondholders were notified in the letter of December 15, 1933 that the District was making appli-

cation to secure Federal aid in the repurchase or refinancing of the District's bonds. Holders were also notified that the Committee had assured the District that in the event funds for such purpose should be made available from a Federal or State agency, such offer would be submitted to bondholders.

Negotiations for a loan from the Reconstruction Finance Corporation have been actively carried on during a period of the past several months, between the District and the Reconstruction Finance Corporation. The District has recently informed the Committee that the Reconstruction Finance Corporation has approved the District's application for a loan which will enable the District, conditioned upon an agreement being effected between the District and its bondholders, to pay \$515.01 for each \$1,000 bond of its outstanding bonded indebtedness.

While the Committee feels that the figure offered pursuant to the Reconstruction Finance Corporation loan is unduly low it is, however, important that the Committee be advised of the wishes of bondholders with reference to the acceptance or rejection thereof. Arguments which might be advanced in favor of, or in opposition to such offer would be based largely upon the circumstances of the individual bondholder. As a consequence, the Committee refrains from advancing any of such arguments in order that it may not appear to seek to influence the bondholders in their decision.

We are enclosing for your use a questionnaire which we request that you complete and return in the enclosed stamped envelope to reach us not later

than January 26, 1935. As the Committee's action must depend to a great extent upon the expression of the bondholders in this manner, all holders are urged to express themselves immediately.

Holders are urged to cooperate to the fullest extent possible with the Committee in whatever course may be decided upon after the Committee has received this expression of opinion. [642]

### Merced Irrigation District

### QUESTIONNAIRE

To be mailed to the Secretary of the  
Bondholders' Protective Committee not later than  
January 26, 1935.

Date.....

Merced Irrigation District,  
Bondholders' Protective Committee,  
485 California Street,  
San Francisco, California.

The undersigned holder of bonds of Merced Irrigation District is in favor of the method of refinancing checked below:

- ( ) Cash settlement of \$515.01 per \$1,000 bond from the proceeds of a loan from the Reconstruction Finance Corporation to the District.
- ( ) Refunding Plan dated December 1, 1933.

The expression of opinion contained herein shall not be considered as an offer or acceptance, nor shall the undersigned be considered to be bound by this expression to any course of action whatsoever.

Name.....

Par value of bonds owned \$.....

Deposited with Committee \$.....

January 7, 1935. [643]

RESPONDENTS' EXHIBIT "C"

was a letter from the District to the bondholders, dated January 10, 1935, as follows:

"To the Holders of Bonds of Merced Irrigation District:

As a result of a meeting held between representatives of the Bondholders' Protective Committee and the Merced Irrigation District it was deemed advisable for the Committee to send to you the questionnaire dated January 7, 1935, relative to proposed methods of refinancing, which you have no doubt received.

In the event that you are not already familiar with the proposed cash settlement method of refinancing set forth in the questionnaire, the terms thereof are briefly as follows:

The Reconstruction Finance Corporation has authorized a loan to the Merced Irrigation District which will enable the District, conditioned upon an agreement being effected between the District and its bondholders, to pay \$515.01 for each \$1,000 bond of its outstanding bond indebtedness. Also if the loan is consummated, interest at the rate of 4% per annum on the liquidating price of the bonds will be paid from the date of deposit under the above cash settlement plan to the date of the consummation of the loan as provided in the resolution of the Reconstruction Finance Corporation granting the loan.

The District will pay all expenses in connection with the above cash method of refinancing, including, if the plan is consummated, any costs incident to securing release of bonds now on deposit under the Deposit Agreement dated March 1, 1932, and in no event will bondholders be required to pay such expenses.

It is essential that bondholders give this matter their earliest consideration; otherwise, the time limit set by the Reconstruction Finance Corporation for consummation of the loan will expire. The present time limit is February 28, 1935, unless further extended by the Reconstruction Finance Corporation.

During the past three years bondholders have been fully informed as to the seriousness of the District's financial condition. It is now impossible for the District to meet its present bond interest requirements and the possibility of its being able to do so in the future is most uncertain—therefore, the undersigned Board of Directors of the Merced Irrigation District is of the opinion that the cash purchase of the District's outstanding bonds, as above provided, furnishes the best possible solution of the District's financial problems for the bondholders and the District." [644]

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#### RESPONDENTS' EXHIBIT "D"

was a list of payments by district in taking up bonds, reading as follows: [645]

Interest payments at 4 per cent on the amount of cash offer made to the various depositaries for account of Assenting Bondholders on Bonds deposited under "Cash Plan" from the date the bonds were made available by the Bondholders to the time of actual disbursement by the R. F. C.

Warrant			
Date	Number		Amount
10-3-35	33265	Bank of America N.T. & S.A., S.F.....	\$80,796.45
"	33267	Bank of America, S.F. For the Account of Bank of America N.T. & S.A., L.A.....	4,089.03
"	33268	Bank of America, S.F. For the Account of Citizens Nat'l. Trust & Savings Bank, L.A.....	26,215.03
"	33269	Bank of America, S.F. For the Account of Anglo-California National Bank of S.F.....	16,258.98
"	33270	Bank of America, S.F. For the Account of Security First National Bank of L.A.....	32,372.52
"	33271	Bank of America, S.F. For the Account of Capitol National Bank, Sacramento .....	434.70
"	33272	Bank of America, S.F. For the Account of Crocker First Nat'l. Bank, S.F.....	7,091.00
"	33274	Bank of America, S.F. Account of St. Louis Union Trust Co., St. Louis, Mo.....	50.12
10-8-35	33277	Merced County Treasurer.....	587.18
"	33278	Mary J. F. and D. M. Young, Stockton .....	132.30
			168,027.31
			[646]

## RESPONDENTS' EXHIBIT "E"

was a statement of interest payments made to the Federal Reserve Bank of San Francisco on account of Reconstruction Finance Corporation Custodian Loans Nos. 475 and 475A, as follows:

Warrant		For Period	Amount
Date	No.		
12-31-35	33545	10-4-35 to 12-30-35.....	71,256.72
1-7-36	33575	12-31-35 .....	7.51
6-6-36	34029	1-1-36 to 6-30-36.....	149,576.48
12-29-36	35288	7-1-36 to 12-31-36.....	151,889.71
6-8-37	36239	1-1-37 to 6-30-37.....	149,542.11
11-30-37	37858	7-1-37 to 12-31-37.....	152,411.78
6-21-38	38463	1-1-38 to 6-30-38.....	150,000.28

[647]

## RESPONDENTS' EXHIBIT "F"

was a letter from Albert L. Strong, Special Assistant Drainage, Levee and Irrigation Division, to the Merced District, dated October 21, 1938, as follows:

"The rate of the proposed levy for the current year has been requested but to date it has not been received.

We wish to remind you that your levy should be submitted to us for our consideration and approval before the District executes its levy resolution. Therefore, please forward it at an early date." [648]

RESPONDENTS' EXHIBIT No. G

LETTER

This exhibit was a letter dated November 3, 1938, from Merced Irrigation District, signed by its secretary, addressed to Frank J. Keenan as Chief of the Drainage, Levy and Irrigation District Division of the Reconstruction Finance Corporation, submitting a copy of a report presented to the Board of Directors, showing the economic condition of the district during the year 1938, which had been presented to the Board prior to the fixing of the tax levy for the year 1938-39, also a copy of the resolution fixing the tax rate. The report was a routine report made to the Reconstruction Finance Corporation and among other things estimated the power revenue at \$500.00.

The communication explained the fixing of the tax rate as being made pursuant to Section 11 of the California District Securities Commission Act.

[649]

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RESPONDENTS' EXHIBIT No. H

LETTER OF NOV. 10, 1938

This was a letter dated November 10, 1938 from the Reconstruction Finance Corporation to the Merced Irrigation District acknowledging transmittal of a certified copy of the resolution of October 8, fixing the tax rate. [650]

## (RESPONDENT'S EXHIBIT "I")

## MERCED IRRIGATION DISTRICT

Was Balance Sheet of the District for the Period Ending June 30, 1935, Reading as Follows—to wit:  
BALANCE SHEET FOR PERIOD ENDING JUNE 30, 1935

Assets	FUNDS				Total All Funds
	Construction	General	Bond Prin. & Interest		
Current Assets:					
Treasurer (Cash) .....		\$ 516,582.53*	\$ 5,208.55†	\$	521,791.08
Sec'y's Revolving Fund .....		5,200.00			5,200.00
Uncollected Assessments					
1st Installment 1934-35 .....		20,742.07			20,742.07
2nd Installment 1934-35 .....		16,536.10			16,536.10
Uncollected Penalties .....		3,781.44			3,781.44
Tax Sale Certificates .....		883,407.21			883,407.21
Sundry Debtors .....		44,181.95			44,181.95
Total Current Assets .....		1,490,431.30	5,208.55		1,495,639.85
Capital Assets:					
General Properties .....	\$17,095,725.66	1,632,493.62			18,728,219.28
General Equipment .....		88,221.22			88,221.22
Total Capital Assets .....	17,095,725.66	1,720,714.84			18,816,440.50
Less Depreciation .....	523,990.88				523,990.88
Net Capital Assets .....	16,571,734.78	1,720,714.84			18,292,449.62
Total Assets .....	16,571,734.78	3,211,146.14	5,208.55		19,788,089.47

Assets	FUNDS				Total All Funds
	Construction	General	Bond Prim. & Interest		
Liabilities					
Current Liabilities					
Warrants Payable, (Outstdy.)		9,475.76			9,475.76
Unpd. Mtrd. Bond Coupons			1,917,675.00		1,917,675.00
Accrued Int. at 7% on Reg.					
Coupons					
Unpaid Matd. Bonds			157,000.00		157,000.00
Acrd. Int. at 7% on Reg. Bds.			131,000.00		131,000.00
Bond Interest Accruing			4,400.00		4,400.00
Crocker-Huffman Ctrtes.—Due July 1, 1934 and Prior		26,474.37	471,500.00		471,500.00
Sundry Creditors		985.00			985.00
Total Current Debts		36,935.13	2,681,575.00		2,718,510.13
Capital Liabilities					
General Fund Surplus		1,453,496.17			1,453,496.17
Bond Fund Surplus			2,676,366.45†		2,676,366.45†
Bond Accounts	16,191,000.00				16,191,000.00
Capital Surplus	380,734.78	1,720,714.84			2,101,449.62
Total Capital Debts	16,571,734.78	3,174,211.01	2,676,366.45†		17,069,579.34
Total Liabilities	\$16,571,734.78	\$3,211,146.14	\$ 5,208.55		\$19,788,089.47

\*Includes \$76,448.30 frozen deposit in defunct bank.

†Includes \$1,251.20 bond principal fund balance available for \$1,000.00.

Matured bond January 1, 1933 not presented.

‡Denotes figures in red.

## Merced Irrigation District—1933

## INCOME

Year Ending December 31, 1933

(Exhibit "B")

Current Taxes		
Second Installment 1932-33.....	\$251,933.98	\$306,327.30
First Installment 1933-34.....	54,393.32	
	<hr/>	
Delinquent Taxes 1928-29.....	25.25	
Delinquent Taxes 1929-30.....	576.98	
Delinquent Taxes 1930-31.....	2,727.47	
Delinquent Taxes 1931-32.....	21,637.37	
Partial Redemptions under Senate Bill No. 65.....	5,637.23	30,604.30
	<hr/>	
Interest on Redemptions.....	7,125.84	
Water Tolls.....	10,341.50	
Real Estate Rentals.....	16,943.64	
Sale of Electric Energy.....	316,924.89	
Interest on Bank Balances.....	1,197.47	
Tax Property Sales.....	89.40	
Equipment Rentals.....	1,240.50	353,863.24
	<hr/>	
Total Income.....		<hr/> 690,794.84

# EXPENDITURES

Year Ending December 31, 1933

Capital Expenditures .....	\$ 32,692.42	
Administration and Overhead .....	43,190.21	
Refinancing Expense .....	37,019.40	
Special Survey (Economic) .....	1,635.19	
Refunds and Insurance .....	18,081.83	
Irrigation Operations .....	118,581.38	
Drainage Operations .....	77,075.15	
Powerhouse Operation .....	19,221.40	
Crocker-Huffman Con't. Pmts. ....	57,374.72	
Deeded Tax Prop. Expense .....	293.04	
Drainage Contracts .....	25,618.49	\$430,783.23
<hr/>		
Less Depreciation on Equipment .....	9,150.90	
Accounts Receivable .....	(3,643.46)	5,507.44
<hr/>		
Total General Fund .....		425,275.79
<hr/>		
Bond Interest Fund .....		
Bond Interest Coupons .....	357,305.00	
Interest on Registered Coupons .....	7,360.85	
<hr/>		
Bond Principal Fund .....		
Bond Retirements .....	24,500.00	
Interest on Registered Bonds .....	416.70	
<hr/>		
Total Expenditures .....		24,916.70
<hr/>		
		\$814,858.34
		[652]

## Merced Irrigation District—1934

## INCOME

Year Ending December 31, 1934  
(Exhibit "B")

## Taxes

Second Installment, 1933-34.....	\$ 33,225.71	
First Installment 1934-35.....	102,729.66	\$135,955.37

Delinquent Taxes 1928-29.....	71.77	
Delinquent Taxes 1929-30.....	1,788.39	
Delinquent Taxes 1930-31.....	22,609.05	
Delinquent Taxes 1931-32.....	71,591.68	
Delinquent Taxes 1932-33.....	162,191.38	
Partial Redemptions under Senate Bills Nos. 65 and 3.....	32,481.01	290,733.28

## Other Income

Interest on Tax Redemptions.....	40,415.56	
Water Tolls.....	1,048.93	
Real Estate Rentals.....	14,608.84	
Sale of Electric Energy.....	191,936.39	
Interest on Bank Balances.....	2,344.72	
Tax Property Sales.....	1,056.60	
Misc. Equipment Rentals.....	779.47	
		252,190.51
		<u>\$678,879.16</u>

# EXPENDITURES

Year Ending December 31, 1934

Capital Expenditures .....	40,933.48	
Administration and Overhead .....	37,820.55	
Refinancing Expense .....	32,370.45	
Refunds and Insurance .....	8,697.43	
Irrigation Operations .....	107,453.48	
Drainage Operations .....	64,837.86	
Powerhouse Operation .....	15,988.69	
Crocker-Huffman Contract Payments .....	39,741.81	
Dedeed Tax Property Expense .....	1,910.38	
Drainage Contracts .....	11,418.03	
		<hr/>
Total Capital and Operation .....		\$361,172.16
Less Depreciation on Equipment .....	7,860.77	
Accounts Receivable .....	( 119.55)	
		<hr/>
Total General Fund .....		353,430.94
Bond Interest Fund		
Bond Interest Coupons .....	116,350.00	
Interest on Registered Coupons .....	9,176.32	
		<hr/>
		125,526.32
Bond Principal Fund		
Bond Retirements .....	34,500.00	
Interest on Registered Bonds .....	2,288.75	
		<hr/>
		36,788.75
		<hr/>
		\$515,746.01
		[653]

## Mereed Irrigation District

## INCOME FOR PERIOD

January 1 to June 30, 1935

(Exhibit "B")

Water Tolls .....	\$ 3,032.55
Real Estate Rentals.....	12,848.11
Miscellaneous Equipment Rentals.....	241.50
Interest Tax Redemptions.....	24,599.79
Power Revenue .....	255,323.89
Interest on Bank Balances.....	1,128.32
Tax Property Sales.....	370.97
Delinquent Taxes, 1929-30.....	3,665.88
Delinquent Taxes, 1930-31.....	5,113.22
Delinquent Taxes, 1931-32.....	9,165.40
Delinquent Taxes, 1932-33.....	18,894.09
Delinquent Taxes, 1933-34.....	1,210.15
Current Taxes, 1934-35.....	65,921.60
Penalties and Costs, 1934-35.....	1,385.97
Partial Payment Redemption Taxes.....	37,987.13
Total Income .....	<u>\$440,888.57</u>

## EXPENDITURES FOR PERIOD

January 1 to June 30, 1935

Capital Expenditures .....	\$ 22,607.72
Administration and Overhead.....	27,407.02
Refinance Expense on Old Refunding Plan.....	92,055.48
Refinance Expense on R.F.C. Cash Plan.....	18,973.05
Refunds—Insurance and Damages, etc.....	13,527.97
Irrigation Operations .....	48,728.32
Drainage Operations .....	22,932.54
Garage and Shop.....	7,157.66
Powerhouse Operation .....	11,164.36
Bond Interest and Retirement.....	2,054.08
Total .....	<u>\$266,608.20</u>
Less—Accounts Receivable .....	\$4,226.51
Deferred Income .....	2,170.59
	<u>\$ 6,397.10</u>
Total Expenditures .....	<u>\$260,211.10</u>

(DLI & D—12/22/34)

Re: Merced Irrigation District  
AFFIDAVIT AS TO FINANCIAL  
STATEMENT

The undersigned D. K. Barnell, President and H. P. Sargent, Secretary of the Board of Directors, of the above District being first duly sworn say:

That they have access to the records of the above District, and from an examination thereof, and otherwise, are familiar with the subject matter of this affidavit;

That attached hereto is a statement accurately reflecting all present assets and liabilities of the District; (see Exhibit A)

That the financial condition of the District has not materially changed since the date of the application of the above District for a refinancing loan from Reconstruction Finance Corporation, except as reflected in the attached statement of receipts and disbursement. (See Exhibit B)

The attached statements are identified by the signatures of the undersigned.

.....  
President

.....  
Secretary

Subscribed and sworn to before me this the.....  
day of....., 1935.

.....  
Notary Public in and for the County of Merced,  
State of California.

My Commission expires February 6, 1935. [655]

## RESPONDENTS' EXHIBIT "J"

This exhibit was annual report submitted by the District to the Reconstruction Finance Corporation, as follows: [656]

R. F. C. Form DR-45

Reconstruction Finance Corporation  
Drainage, Levee and Irrigation Division

ANNUAL REPORT  
(Submit 3 Copies)

Docket No. Ref. 58

Name of Borrower Merced Irrigation District.

**Address Merced, California.**

Name and Title of Officer Submitting H. P. Sargent, Secretary.

Address of Officer Submitting Merced, California.

Names and Titles of Officers and Governing Board

D. K. Barnell, President Board of Directors

E. B. Maze, Director

J. A. Wolf, Director

W. H. Robinson, Director

E. B. Wood, Director

Jas. R. McHenry, Treasurer

H. P. Sargent, Secretary

J. A. Law, Assessor-Collector

L. W. Hesse, Superintendent

R. V. Meikle, Consulting Engineer

H. K. Landram & C. Ray Robinson, Attorneys

Stephen W. Downey, Special Attorney on Re-financing

Period from January 1, 1937 to December 31, 1937.

Principal Indebtedness Due R. F. C. \$7,560,185.69

Date December 31, 1937. [657]

# IRRIGATION DISTRICT BALANCE SHEET

as of December 31, 1937

*vs. Merced Irr. Dist., et al.*

775

Current Assets	Interest and Sinking	Maintenance and Operation	All Other	Total
Cash on Hand.....	\$* 627,049.76	\$ 521,271.73	\$1,209.80	\$ 1,149,531.29
a. Secretary's Revolving Fund .....		5,200.00		5,200.00
b. Trustee's Cash .....				
Current Assessments Unpaid (1937-38).....		136,792.62		136,792.62
Delinquent Assessments Unpaid.....		280,087.13		280,087.13
Unpaid Penalties .....		2,076.11		2,076.11
Water Consumers .....				
Power Consumers .....				
Notes Payable .....				
A. Trustee Notes .....				
Accounts Payable .....				
Bond Int. Paid in Advance.....				
Due on Land Con't.....				
Inventory .....				
All Other (List) Lease Agreements .....				
Surpl. Wtr. Cons. ....				
TOTAL .....	627,049.76	1,036,550.54	1,209.80	1,664,810.10

5,782.07

20,672.24

33,490.03

8,126.84

23,051.77

Current Assets	Interest and Sinking	Maintenance and Operation	All Other	Total
General Properties .....	16,191,209.83	1,645,836.83		17,837,046.66
Equipment .....		65,546.62		65,546.62
District Owned Landx.....		647,063.75		647,063.75
All Other (List).....				
<b>TOTAL</b> .....	\$16,191,209.83	\$2,358,447.20		\$18,549,657.03
<b>TOTAL ALL ASSETS</b> .....	\$16,818,259.59	\$3,394,997.74	\$1,209.80	\$20,214,467.13

((\$347,927.34 Refunding Bond Interest

\*Includes (\$279,122.42 Refunding Reserve

xDeducted Tax Land

Certified : .....  
Title

[658]

# IRRIGATION DISTRICT BALANCE SHEET

As of December 31, 1937

Current Liabilities	Interest and Sinking	Maintenance & Operation	All Other	Total
Warrants Outstanding .....		\$ 18,233.28		\$ 18,233.28
Payrolls .....				
Bonds Payable .....				
Old Bond Account* .....				
(Carry Old Bonds Outstanding at face plus interest)			2,020,909.86	2,020,909.86
Notes Payable .....				
Accounts Payable .....				
Reserves .....				
Sundry Creditors .....		69.72		69.72
All Other (List) .....				
Crocker-Huffman Contracts .....		58,000.00		58,000.00
Drainage Contracts .....		8,775.00		8,775.00
Total .....		85,078.00	2,020,909.86	2,105,987.86

Fixed Liabilities	Interest and Sinking	Maintenance & Operation	All Other	Total
Debt to R. F. C. ....	7,560,185.69			7,560,185.69
All Other Funded Debt (Do not include outstanding bonds of issues to be re- financed)				
Surpluses—				
a. Bond Fund .....			x2,019,700.06	x2,019,700.06
b. Gen. Fund M. & O .....		951,472.54		951,472.54
c. Capital .....	9,258,073.90	2,172,159.17		11,430,233.07
All Other (List) .....				
Crocker-Huffman Contracts .....		186,288.03		186,288.03
Total .....	16,818,259.59	3,309,919.74	x2,019,700.06	18,108,479.27
TOTAL ALL LIABILITIES .....	\$16,818,259.59	\$3,394,997.74	\$1,209.80	\$20,214,467.13

\*Outstanding Bonds and Coupons Other Than R. F. C.—

Bonds \$1,509,000.00

Coupons (Mat. to 1-1-38 Inc.) 455,825.00

Int. @ 7% on Reg. Bonds &

Coupons 56,084.86

\$2,020,909.86

Certified: .....

Title

# IRRIGATION DISTRICT RECEIPTS AND DISBURSEMENTS

Period from 1-1-37 to 12-31-37

## RECEIPTS

Cash on Hand (at beginning of period)		\$1,005,204.58
Current Assessments		\$324,623.15
a. Bond and Interest	\$	
b. Flat Rate (M. and O.)	\$324,623.15	
Delinquent Assessments		\$
a. Bond and Interest	\$	
b. Flat Rate (M. and O.)	\$	
Sales Certificates Redeemed		\$ 97,407.39
Interest on Certificates of Sale		\$ 21,076.52
Penalties and Costs		\$ 1,103.71

Land Sales .....	\$ 22,418.60
Land Rentals .....	\$ 44,051.12
Interest on Bank Deposits .....	\$ 8,298.09
Water Sales and Tolls .....	\$ 16,048.60
Power Sales .....	\$602,008.94
Transfer of Funds (from General to Ref. Reserve) .....	\$ 92,200.00
All Other (List) .....	
Misc. Equipment Rentals .....	\$ 136.75
Inclusion Fee .....	\$ 170.85
<b>TOTAL RECEIPTS</b> .....	<b>\$1,299,543.72</b>
Total Receipts plus cash on hand at beginning of period .....	\$2,234,748.30

Certified.....  
Title

[660]

## IRRIGATION DISTRICT DISBURSEMENTS

Period from January 1, 1937 to December 31, 1937

## Bond and Interest

Bonds paid R. F. C.....	\$.....	
Interest paid R. F. C.....	\$301,953.89	
Total paid on Old Bond Accounts.....	\$.....	
All Other (list) .....	\$.....	
	\$.....	
	\$.....	
	\$.....	\$ 301,953.89

## Maintenance and Operation

Drainage System .....	\$111,523.07	
Dams and Reservoirs .....	\$.....	
Canals and Laterals—Distribution of Water.....	\$168,975.77	
Pipes, Flumes and Siphons .....	\$.....	
Irrigation Pumping—Fuel and Power..\$.....		
Pumping — Salaries..\$.....		
Other than Power &		
Salaries.....\$.....	\$.....	
Water Purchased .....	\$.....	
Automobile Expenses .....	\$.....	
Insurance—Compensation .....	\$ 4,431.11	
Fire & Auto., Power House.....	\$11,225.58	\$ 15,656.69
All Other (list)		
Power House Operation.....	\$ 21,045.54	
	\$.....	\$ 317,201.07

## Administration

Directors' Fees and Salaries.....	\$ 3,254.88	
Engineering & Superintendence.....	\$ 18,864.41	
All Other Office Salaries & Expense.....	\$ 23,763.16	
Bond Premiums (Fidelity) .....	\$ 450.00	
All Other (list) .....		
	\$.....	\$ 46,332.45

## General Expense

Legal Services .....	\$ 3,280.09	
Refinancing .....	\$ 16,928.90	
Damage Payments .....	\$ 450.25	
Crocker-Huffman Contract Payments.....	\$125,011.20	
Drainage Contract Payments.....	\$ 11,251.67	
State and County Tax on District Owned Lands .....	\$ .....	
Dues and Subscriptions .....	\$ .....	
All Other (list) .....		
Deeded Tax Property Expense.....	\$ 5,567.98	
	\$ .....	\$ 162,490.09

## Capital Expenditure:

## Structures

a. Canals, Lining, Structures, etc.....	\$83,816.57	
b. Pipe Lines, Flumes & Siphons.....	\$ .....	
c. Pumping Plants (Drainage) .....	\$ 7,100.00	
d. Dams and Reservoirs.....	\$ 3,781.88	\$ 94,698.45

## All Other (list)

Materials & Equipment (Less Depr.).....	\$ 7,967.38	
Lands & Buildings.....	\$ 682.49	\$ 103,348.32

Transfer of Funds—Gen. to Ref. Reserve.....	\$ 92,200.00
---	--------------

Warrants of Former Years Paid.....	\$ .....
------------------------------------	----------

Loss Defunct Farmers & Merchants Bank.....	\$ 74,724.47
--	--------------

<b>TOTAL DISBURSEMENTS &amp; LOSS.....</b>	<b>\$1,098,250.29</b>
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Cash on Hand at End of Period.....	\$1,136,498.01
------------------------------------	----------------

Certified: .....

Title

[661]

## ESTIMATED INCOME

For Year Ending December 31, 1938

Current Assessments .....	\$292,230.00
Sales Certificate Redemptions.....	60,167.00
Land Rentals .....	40,000.00
Interest on Bank Balances.....	3,000.00
Water Sales and Tolls.....	10,500.00
Power Sales .....	500,000.00
Misc. Equipment Rentals.....	500.00
	<u>\$906,605.00</u>

## ESTIMATED REQUIREMENTS

For Year Ending December 31, 1938

Maintenance and Operation			
Drainage System .....	\$105,000.00		
Canals and Laterals—Dist. Water.....	161,000.00		
Insurance—Compensation .....	\$ 4,000.00		
Fire .....	500.00	4,500.00	
		<u>21,500.00</u>	292,000.00
Administration			
Director's Fees and Expense.....	3,500.00		
Engineering and Superintendence .....	19,000.00		
Office Salaries and Expense.....	24,830.00		47,330.00
General Expense			
Legal Services .....	5,000.00		
Refinancing .....	15,000.00		
Damage Payments and Refunds.....	500.00		
Crocker-Huffman Con't. Pay'mets.....	58,000.00		
Drainage Contracts .....	8,775.00		87,275.00
Capital Maintenance			
Canal Lining, Structure, etc.....	51,000.00		
Pumping Plants—Drainage .....	24,000.00		
Operating Equipment .....	5,000.00		80,000.00
		<u>80,000.00</u>	
Total .....			\$506,605.00
Refunding Plan Obligations.....			400,000.00
			<u>400,000.00</u>
Grand Total .....			\$906,605.00

[Endorsed]: Respondents' Exhibit J. Filed November 22, 1938. [662]

## RESPONDENTS' EXHIBIT "K"

This exhibit was semi-annual report of the district, as follows: [663]

R. F. C. Form DR-45

Reconstruction Finance Corporation  
Drainage, Levee and Irrigation Division

Docket No. Ref. 58.

Name of Borrower—Merced Irrigation District.

Address—Merced, California.

Name and Title of Officer Submitting—H. P. Sargent, Secretary.

Address of Officer Submitting—Merced, California.

Names and Titles of Officers and Governing Board

D. K. Barnell, President Board of Directors.

E. B. Maze, Director.

J. A. Wolf, Director.

W. H. Robinson, Director.

B. D. Wood, Director.

Jas. R. McHenry, Treasurer.

H. P. Sargent, Secretary.

J. A. Law, Assessor-Collector.

L. W. Hesse, Superintendent.

R. V. Heikle, Consulting Engineer.

H. K. Landram & C. Ray Robinson, Attorneys.

Stephen W. Downey, Special Attorney on Re-financing.

Period from January 1, 1938 to June 30, 1938.

Principal Indebtedness Due R.F.C.—\$7,564,-  
303.77.

Date—July 15, 1938. [664]

# IRRIGATION DISTRICT BALANCE SHEET

As of June 30, 1938

CURRENT ASSETS	Interest and Sinking	Maintenance and Operation	All Other	Total
Cash on Hand..... *\$	785,668.35	\$ 639,436.63	\$1,209.80	\$ 1,426,314.78
a. Secretary's Re- volving Fund.....		5,200.00		5,200.00
b. Trustee's Cash.....				
Current Assess- ments.....				
Unpaid 1937-38.....		16,734.36		16,734.36
Delinquent As- sessments Unpaid		201,575.77		201,575.77
Unpaid Penalties.....		1,483.93		1,483.93
Water Consumers.....				
Power Consumers.....				
Notes Payable.....				
A. Trustee Notes.....				
Accounts Payable.....		7,266.09		7,266.09
Bond Interest Paid in advance.....				
Due on Land				
Contracts.....		18,511.64		18,511.64
Inventory.....		28,678.95		28,678.95
All Other (List).....				
Lease Agreements.....		6,354.74		6,354.74
Surplus Water Con'ts.....		18,038.04		18,038.04
Total.....	785,668.35	943,280.15	1,209.80	1,750,158.30

**FIXED ASSETS**

General Prop- erties.....	\$16,191,209.83	\$1,687,537.08	\$	\$17,878,746.91
Equipment.....		61,893.98		61,893.99
<b>District Owned</b>				
Land.....		x 668,039.81		668,039.81
All Other (List).....				
<b>Total.....</b>		<b>2,417,470.88</b>		
<b>Total All Assets.....</b>	<b>\$16,976,878.18</b>	<b>\$3,360,751.03</b>	<b>\$1,209.80</b>	<b>\$20,336,839.01</b>

\*Includes { \$505,413.81 Refunding Bond Interest  
 { \$230,254.54 Refunding Reserve

xDeeded Tax Lands.

Certified : .....

Title

[665]

# IRRIGATION DISTRICT BALANCE SHEET

As of June 30, 1938

CURRENT LIABILITIES	Interest and Sinking	Maintenance and Operation	All Other	Total
Warrants Outstanding .....	\$	\$ 20,030.64	\$	\$ 20,030.64
Payrolls .....				
Bonds Payable .....				
Coupons Payable .....			2,068,001.50	2,068,001.50
Old Bond Account .....				
(Carry Old Bond Outstanding at face plus interest) .....				
Notes Payable .....		4,645.15		4,645.15
Accounts Payable .....				
Reserves .....				
Sundry Creditors .....				
All Other (List) .....		54,805.74		54,805.74
Crocker-Huffman Con'ts .....		8,775.00		8,775.00
Drainage Contracts .....				
Total .....	\$	\$ 88,256.73	\$ 2,068,001.50	\$ 2,156,258.23

vs. Merced Irr. Dist., et al.

## FIXED LIABILITIES

Debt to R.F.C.....	\$ 7,564,303.77	\$	\$ 7,564,303.77
All Other Funded Debt (Do not include outstanding bonds of issues to be refi- nanced) .....			
Surpluses			
a. Bond Fund .....		2,066,791.70	2,066,791.70
b. General Fund .....	855,023.42		855,023.42
c. Capital .....	2,231,182.85		11,643,757.26
All Other (List).....			
Crocker-Huffman Con'ts.....	186,288.03		186,288.03
Total .....	\$16,976,878.18	\$3,272,494.30	\$2,066,791.70
Total All Liabilities.....	\$16,976,878.18	\$3,360,751.05	\$ 1,209.80
			\$20,338,859.01

Note: Crocker-Huffman Contracts in amount \$51,805.74 paid 7-1-38.

\*Outstanding Bonds and Coupons other than R.F.C.

Bonds .....	\$1,501,000.00
Coupons (Matured to 7-1-38 Inc.) .....	496,542.50
Int. @ 7% on Reg. Bonds & Coupons...	70,459.00

\$2,068,001.50

Certified .....

Title .....

[666]

# IRRIGATION DISTRICT RECEIPTS AND DISBURSEMENTS

Period from 1-1-38 to 6-30-38

## RECEIPTS

Cash on Hand (at beginning of period).....	\$1,136,498.01
Current Assessments .....	\$116,807.76
a. Bond and Interest..... \$.....	
b. Flat Rate (H. and O.).....	116,807.76
Delinquent Assessments .....	
a. Bond and Interest.....	
b. Flat Rate (M. and O.).....	
Sales Certificates Redeemed.....	54,441.88
Interest on Certificates of Sale.....	12,660.33
Penalties and Costs.....	1,248.49
Land Sales .....	6,117.23
Land Rentals .....	26,870.29
Interest on Bank Deposits.....	4,244.54
Water Sales and Tolls.....	6,056.05
Power Sales .....	407,002.11
Transfer of Funds.....	
All Other (List).....	
Misc. Equipment Rentals.....	128.88
Total Receipts .....	\$ 635,577.56
Total Receipts plus cash on hand at beginning of period .....	\$1,772,075.57

Certified.....

Title

[667]

## IRRIGATION DISTRICT DISBURSEMENTS

Period from 1-1-38 to 6-30-38 1938

### Bond and Interest

Bond paid R. F. C.....	\$.....
Interest paid R. F. C.....	150,000.28
Total paid on Old Bond Accounts.....	
All Other (List)	

\$ 150,000.28

**Maintenance and Operation**

Levee System .....		
Drainage System .....	45,544.84	
Dams and Reservoirs .....		
Canals and Laterals.....	67,621.15	
Pipes, Flumes and Siphons.....		
Irrigation Pumping		
Fuel and Power..... \$.....		
Pumping Salaries.....		
Other than Power and Salaries .....		
Water Purchased .....		
Automobile Expenses .....		
Insurance—		
Compensation .....	1,980.69	
Fire and Automobile.....	628.33	1,352.36

**All Other (List)**

Power House Operation.....	10,936.54	
Garage and Shop—Undistributed.....	9,651.49	

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132,401.66
**Administration**

Directors' Fees and Salaries.....	1,409.76	
Engineering and Superintendence.....	10,115.04	
All Other Office Salaries and Expense.....	12,257.43	
Bond Premiums .....	437.60	

**All Other (List)**


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24,219.73
**General Expense**

Legal Services .....	1,212.50	
Refinancing .....	7,348.24	
Damage and Personal Injury.....		
C-H Contract Payments.....	3,194.26	
Telephone and Telegraph.....		
State and County Tax on District Owned		
Lands .....		
Dues and Subscriptions.....		
All Other (List)		
Deeded Tax Property Expense.....	4,560.19	

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16,315.19

Capital Expenditure:

Structures

a. Canals—Lining, Structures, etc. ....	37,221.30	
b. Pipe Lines, Flumes and Siphons .....		
c. Pumping Plants .....	4,288.33	
d. Dams and Reservoirs.....	190.62	41,700.25

All Other (List)

Materials, Equipment, etc.....	4,045.48	37,654.77
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Transfer of Funds .....

Warrants of Former Years Paid.....

Total Disbursements ..... 300,501.63

Cash on Hand at End of Period.....\$1,411,483.94

Certified:.....

Title

[Endorsed]: Respondents' Exhibit K. Filed Nov.  
22, 1938. [668]

RESPONDENTS' EXHIBIT "L"

were three letters: Keenan to Sargent, dated March 8, 1938; Sargent to Keenan, dated March 22, 1938; and Keenan to Sargent, dated April 7, 1938, respectively, as follows:

"This is to thank you for your letter of March 1st, addressed to Mr. Strong, transmitting three copies of a report covering the operations of the District for the calendar year ended December 31, 1937. We have noted with interest the improvement in the financial position of the District.

The records in this office indicate that we hold as security for our advances old bonds of the District in a principal amount aggregating \$14,681,000.00, while the outstanding obligations still to be refinanced total \$1,746,942.62. The footnote on page 3 of the report, however, gives the aggregate principal amount of the outstanding bonds (held by others than the RFC) as \$1,509,000.00. Kindly advise which figure is correct.

(The following marginal note appears in pencil:)

Refer to last years explanation.

Cash on hand December 31st is shown on page 2 as totalling \$1,154,731.29, whereas the cash balance appear as \$1,136,498.01 on page 5. Please let us hear from you further in the matter.

(Following notation in pencil)

Cash Bal (Treasurer).....	1,154,731.29
Less outstanding Wts.....	18,233.28
Available Cash on hand.....	

---

\$1,136,498.01"

[669]

"With reference to your inquiry of March 8, 1938 pertaining to the figures representing the principal amount of old bonds of our District which are held by the Reconstruction Finance

Corporation and those which are still outstanding obligations, I will advise as follows:

Attached you will find a memorandum showing the par value of bonds for which the R.F.C. made advances of cash over a period from August 12, 1935 to July 14, 1937 wherein \$14,681,000 of par value of bonds were purchased for the sum of \$7,560,185.69. The original bonded debt to be refinanced was \$16,190,000 leaving a balance of \$1,509,000 principal amount. This latter figure is the correct figure, as I think your figures include the refinancing of the Crocker-Huffman water contracts obligation which, of course, have not been included in the refinancing.

With reference to your question as to cash on hand December 31, 1937 as shown on page 2 of the annual report, will advise that if this item was entitled "Treasurer's Balance" then the first two items on said page amounting to \$1,154,731.29 as we have entered it, is correct as the Treasurer's Balance on the balance sheet. The cash balance on page 5 of \$1,136,498.01 is the correct cash balance, the difference of \$18,233.28 being warrants heretofore issued but which have not yet cleared through the bank and thus do not show up in the balance sheet item or Treasurer's Balance. We usually have about this amount of warrants in the process of clearing during each two week period." [670]

MERCED IRRIGATION DISTRICT  
 Bonds Taken Up by R. F. C. Under Refinancing Plan  
 To December 31, 1937

	Date	Par Value Bonds	Advance By R. F. C.	
			Date	Amount
Schedule "A"	8-12-35	\$13,799,000.00		
Sup. #1	8-27-35	145,000.00		
" 2	9-4-35	85,000.00		
" 3	9-24-35	26,000.00		
" 4	10-4-35	16,000.00	\$14,071,000.00	\$7,245,917.64
" 5	10-31-35		10-14-35	67.17
" 6	11-21-35	76,000.00	10-31-35	39,140.76
" 7	12-1-35	47,000.00	11-21-35	24,205.47
" 8	12-19-35	71,000.00	12-1-35	36,565.71
" 9	12-31-35	132,000.00	12-19-35	67,980.64
" 10	1-30-36	133,000.00	12-31-35	68,496.33
" 11	4-27-36	10,000.00	1-30-36	5,285.56
" 12	5-29-36	53,000.00	4-27-36	27,295.53
" 13	11-6-36	31,000.00	5-29-36	15,965.31
" 14	11-27-36	3,000.00	11-6-36	1,545.03
" 15	7-14-37	13,000.00	11-27-36	6,695.13
		41,000.00	7-14-37	21,115.41

## TOTALS

Coupons detached from Bonds.

\$14,681,000.00

\$7,560,185.69

[671]

“This will acknowledge receipt of your letter of March 22nd in reply to ours of March 8th having reference to the report of the District for the period ended December 31, 1937.

Regarding the outstanding obligations of the District still to be refinanced, the figure \$1,746,-942.62 as shown in our records consists of \$1,-509,000 principal amount of bonds and \$237,-942.62 Crocker-Huffman contracts. The contracts in this amount were included in the refinancing when the loan was recommitted April 28, 1937. You will note from Mr. Stephen W. Downey's letter to us of April 8, 1937 that the contracts had been reduced from \$480,018.25, the amount outstanding at the time of the authorization of the loan.

Your explanation of the amount of cash on hand is satisfactory.” [672]

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## RESPONDENTS' EXHIBIT No. M

Letter of June 24, 1938

This exhibit was a letter from Merced Irrigation District to Frank J. Keenan as Chief of the Drainage, Levy, and Irrigation Division stating that attached is Exhibit “A”, Supplement No. 18, showing deposit of \$1,000 additional bond with the Federal Reserve Bank of San Francisco for the account of

Reconstruction Finance Corporation under Merced Irrigation District refinancing plan.

Supplement No. 18 described as Exhibit "A" was attached and dated June 20, 1938, and was headed "Statement of Old Securities Deposited for Re-financing", "Merced Irrigation District—California". This printed form then set forth the bond number, date of issue, and description of the bond and coupons. Under column 7 was the "amount due owner" set forth at \$515.01, the name of the deposi-tary and the name and address of the owner. [673]

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#### RESPONDENTS' EXHIBIT "N"

was a copy of a letter of confirmation by the Recon-struction Finance Corporation to Merced Irrigation District, dated July 3, 1937, showing return ac-knowledgment, dated July 13, 1937, as follows:

"Messrs. Haskins & Sells, Certified Public Accountants, are now engaged in making an audit of our accounts. In connection therewith, they desire to obtain confirmation of the unpaid balance on your loan as of the close of business December 31, 1936 which according to our rec-ords was as follows:

Loan #	Unpaid Balance
# 475	\$7,487,569.28
475—A	51,501.00
	(in pencil) 7,539,070.28

Kindly state, in the space provided below, whether or not this is in agreement with your records at that date. If not, please furnish the auditors with any information you may have which will assist them in locating the difference, detailing any payments which you may have remitted to us which were not credited to your account until after December 31, 1936, or explaining any other items which you believe will account for the discrepancy.

After signing your reply, please mail to Messrs. Haskins & Sells, P. O. Box 1805, Washington, D. C., in the inclosed self-addressed and stamped envelope."

"The above is in agreement with our records at December 31, 1936, with the following exceptions: ....."

[674]

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#### RESPONDENTS' EXHIBIT "O"

was the certiorari record in the former Merced case admitted for identification and afterwards admitted as Respondents "OO". [Set forth in separate volume.] [675]

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#### RESPONDENTS' EXHIBIT "P"

was the Petition for Debt Readjustment in the former Merced case offered on the plea of res adjudi-

cata, and which is set out in Respondents' Exhibit "OO" at page 10.

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### RESPONDENTS' EXHIBIT "Q"

were the Findings of Fact and Conclusions of Law in the former Merced case, and which is set out in Respondents' Exhibit "OO" at page 228.

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### RESPONDENTS' EXHIBIT "R"

was the decree of the United States District Court in the former Merced case, and which is set out in Respondents' Exhibit "OO" at page 275. [676]

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### RESPONDENTS' EXHIBIT "S"

PROCEEDINGS OF MERCED IRRIGATION  
DISTRICT BONDHOLDERS' PROTEC-  
TIVE COMMITTEE CONSTITUTED UN-  
DER DEPOSIT AGREEMENT DATED  
MARCH 1, 1932.

### RESOLUTIONS ADOPTING CASH OFFER PLAN

Whereas, the Reconstruction Finance Corpora-  
tion, on or about November 14, 1934, granted a loan  
to the Merced Irrigation District for the purpose of  
reducing and refinancing the outstanding indebted-

ness of said District, pursuant to which said Reconstruction Finance Corporation agreed to purchase said outstanding bonds at the price of \$515.01 for each \$1000 bond and also agreed to pay interest on said purchase price from the date said bonds are made available for refinancing until said bonds are taken up through the first disbursement of or from said loan, all as in said resolution of the Reconstruction Finance Corporation provided; and

Whereas, this Committee heretofore agreed with the Merced Irrigation District that if and when the Reconstruction Finance Corporation or any agency of the United States Government should make or grant a loan to said District for the purpose of enabling said District to refinance its outstanding indebtedness, this Committee would submit to the holders of bonds deposited with it the terms and conditions of such loan and accord to such holders the opportunity of availing themselves, if they so desired, of the right to participate in any such refinancing; and

Whereas, on January 7, 1935, this Committee notified the holders of bonds of said District that a loan had been granted to said District by the Reconstruction Finance Corporation, and requested the holders of said bonds to execute and return to this Committee a questionnaire in the form enclosed with said letter; and [677]

Whereas, the result of said questionnaire is as follows:

Number of Questionnaires Returned		Amount
658	In favor of R. F. C. Cash Offer Representing	\$10,431,000
141	In favor of Refunding Plan Representing	1,575,000
58	No preference representing	590,000
<hr/> 857		<hr/> 12,596,000

and

Whereas, a majority of the members of this Committee deem it necessary and advisable as a result of said questionnaire to submit to the holders of said bonds the question of acceptance or rejection of said offer of the Reconstruction Finance Corporation in accordance with the terms and conditions prescribed by said Deposit Agreement;

Now, Therefore, Be It Resolved:

1. The following plan (hereinafter referred to as the "Cash Offer Plan") is hereby approved and adopted by this Committee in accordance with the provisions of Article III of said Deposit Agreement, and the Chairman of this Committee is hereby authorized and directed to notify all holders of bonds of Merced Irrigation District of the fact of the adoption of said Cash Offer Plan by this Committee as follows, to-wit:

(Here follows Cash Offer Plan as set forth in Exhibit 13)

[Set forth at page 589 of this printed record.] [678]

2. The following depositaries are hereby appointed for the purpose of carrying out said Cash Offer Plan and each of said depositaries is hereby authorized and directed to accept deposits of bonds under said Cash Offer Plan, to-wit:

San Francisco

The Anglo-California National Bank of  
San Francisco

No. 1 Sansome Street

Bank of America National Trust and Sav-  
ings Association,

485 California Street

Los Angeles

Bank of America National Trust and Sav-  
ings Association,

660 South Spring Street

Citizens National Trust and Savings Bank

457 South Spring Street,

Security-First National Bank of Los Angeles,

6th and Spring Streets

Sacramento

The Capital National Bank

7th and J Streets.

Each of said depositaries shall have all the rights, powers and privileges granted pursuant to the terms of said Deposit Agreement with like force and effect as though each thereof had been originally named in said Deposit Agreement.

3. Said depositaries, and each of them, are hereby authorized to accept deposits of bonds of said District under said Cash Offer Plan and to

issue certificates of deposit therefor in the form set forth in said Deposit Agreement and under and subject to the terms of said Deposit Agreement and said Cash Offer Plan. Said depositaries, and each of them, may if they so desire, but shall not be required to, endorse upon any certificate of deposit issued by them respectively, a stamp or statement in the following form: "Deposited under Cash Offer Plan dated February 1, 1935." By and with the consent in writing of the Chairman of this Committee any of said Depositaries is hereby authorized to accept deposit of said bonds of said District under said Cash Offer Plan upon such limited or restricted or special terms and conditions as may be approved by said [679] Chairman, and upon such conditions as he may prescribe with respect to the stamping or endorsement of any certificate of deposit issued in respect of such bonds. Unless otherwise specified in writing by the Chairman of the Committee all bonds deposited with said depositaries, or any of them, shall be held subject to all of the terms and conditions of said Cash Offer Plan and said Deposit Agreement and such deposit shall constitute an assent by the owner or holders of said bonds to the terms and conditions of said Cash Offer Plan and said Deposit Agreement and each such depositor shall be bound by and become a party to said Cash Offer Plan and said Deposit Agreement.

4. All bonds now held on deposit by this Committee and all bonds hereafter deposited with this Committee under said Cash Offer Plan shall, from

and after the filing of a certified copy of these resolutions with the depository with whom such bonds are respectively deposited, be deemed to have been deposited in escrow with such depository for the uses and purposes specified in said resolution of the Reconstruction Finance Corporation adopted November 14, 1934, and this Committee and the owners and holders of said bonds shall be deemed to have consented to the plan of refinancing contemplated by said resolution of the Reconstruction Finance Corporation and to all the terms and conditions of this Cash Offer Plan and none of said bonds shall be withdrawn, nor shall the consent of this Committee and the holders of said bonds to said plan of refinancing contemplated by the said resolution of the Reconstruction Finance Corporation be withdrawn or revoked prior to the termination date of said Cash Offer Plan hereinafter mentioned. Provided, however, that the owners or holders of any of said bonds heretofore deposited with this Committee under the terms of said Deposit Agreement prior to the adoption by this Committee of said Cash Offer Plan may withdraw their bonds within the period and upon the conditions hereinafter and in said Deposit Agreement set forth, and such withdrawing depositors shall not be deemed to have assented to said Cash Offer Plan or to the plan of refinancing contemplated by said resolution of the Reconstruction Finance Corporation. Any holder of bonds of said District heretofore deposited with this Committee who shall not, [680] within the time and in the manner in said

Deposit Agreement and hereinafter in this resolution provided, withdraw his bonds from deposit with this Committee shall be deemed to have assented to and to be irrevocably and conclusively bound by this Cash Offer Plan and the terms and conditions of said resolution of the Reconstruction Finance Corporation.

5. The Secretaries of this Committee be and are hereby authorized and directed to file with each of said depositories a certified copy of this resolution, together with a copy of said Cash Offer Plan and a notice in substantially the following form, to-wit:

“To.....

We hand you herewith certified copy of resolutions of the Bondholders' Protective Committee constituted under Merced Irrigation District Deposit Agreement dated March 1, 1932, together with Cash Offer Plan dated February 1, 1935, approved and adopted by said Committee under the terms of Article III of said Deposit Agreement.

You are hereby notified that the Committee has adopted said Cash Offer Plan in accordance with the terms of said Deposit Agreement and that all bonds now held by you on deposit under the terms of said Deposit Agreement are hereby subject to the terms and conditions of said Cash Offer Plan and to the plan of refinancing contemplated by the resolution of the Reconstruction Finance Corporation adopted November 14, 1934, referred to in said Cash

Offer Plan, subject only to the right of withdrawal within the period and subject to the conditions specified in said Deposit Agreement and paragraph 6 of said resolution of the Bondholders' Protective Committee.

You are further notified that in the event any depositors whose bonds are now held by you under the terms of said Deposit Agreement desire to withdraw therefrom you shall require, as a condition to the delivery of said bonds:

- (a) That there be paid to you to be held by you for the account of the Committee the sum of \$9.18 for each \$1000 bond so sought to be withdrawn;
- (b) The surrender to you of the certificates of deposit issued by you and representing such bonds properly endorsed in blank, the signature guaranteed to your satisfaction;
- (c) That such withdrawal be made on or before the 18th day of March, 1935, which is hereby fixed as the termination of the thirty (30) days period specified in Section 4 of Article III of said Deposit Agreement.

You will kindly notify the undersigned of the names and addresses of all withdrawing depositors.

Very truly yours,  
MERCED IRRIGATION DISTRICT  
BONDHOLDERS' PROTECTIVE  
COMMITTEE

Constituted under Deposit Agreement.  
Dated March 1, 1932,

By WILLIAM COURTRIGHT

Secretary"

6. The sum of \$9.18 is hereby fixed as the pro rata amount of the costs and expenses chargeable to each \$1000 bond heretofore deposited [681] with this Committee (and proportionately in the case of bonds of a denomination of less than \$1000). Any holder of bonds which have been deposited with this Committee prior to the date of the adoption of this Cash Offer Plan, to-wit, prior to February 15, 1935, may withdraw from said Deposit Agreement within the period of thirty (30) days beginning on the date of the mailing of the notice accompanying said Cash Offer Plan hereinbefore specified, upon surrender of his certificate of deposit properly endorsed in blank to the depository which issued his certificate of deposit and upon paying to said depository for this Committee said sum of \$9.18 for each \$1000 bond, and thereupon such withdrawing depositor shall be entitled to the delivery of the bonds and coupons of the same issue and maturity date and of a principal amount equal to those represented by such certificate of deposit (less any interest coupons which have been detached and paid with respect to said bonds). Each of the depositaries is hereby authorized and directed, within said period above specified, to deliver said bonds to any withdrawing depositor upon surrender of certificate of deposit properly endorsed and upon payment of his pro rata share of the expenses of the Committee herein prescribed. Depositors so withdrawing shall cease to have any rights under said

Deposit Agreement. Depositors who fail to withdraw in the manner prescribed in said Deposit Agreement shall be conclusively and finally deemed for all purposes to have irrevocably waived the right of withdrawal granted by such Deposit Agreement, and said Cash Offer Plan shall be binding upon all depositors who shall not have so withdrawn, all of whom shall be conclusively and finally deemed for all purposes to have assented to such Cash Offer Plan and the terms thereof, and shall be irrevocably bound by the same. All bondholders who shall deposit their bonds with any of the depositaries hereby appointed from and after the date of this resolution shall be deemed to have deposited their bonds under and pursuant and subject to the terms of said Cash Offer Plan and to have accepted said Cash Offer Plan and all of the terms and conditions thereof.

7. These resolutions may be adopted by writing signed by a majority of the members of said Committee or their proxy and each of such documents embodying said resolutions may be simultaneously executed in several counterparts, each of which shall, for all purposes, be deemed to [682] be the original and such counterparts, singly or together, shall constitute one and the same instrument; provided, that it shall not be necessary that all of the signatures of the members of the Committee, or a majority thereof, or their proxies, appear on any one document but each document whether signed by one or more of the members of said Committee,

shall be deemed to be an original counterpart; provided, further, that neither these resolutions nor any counterpart shall become effective unless a majority of the members of the Committee or their proxies, shall have actually signed one or more of said counterparts singly, and each such counterparts together may then constitute the action and determination of this Committee.

In Witness Whereof, the undersigned members of Merced Irrigation District Bondholders' Protective Committee constituting a majority thereof have adopted this resolution this 5th day of February, 1935.

FRED G. STEVENOT  
ROBERT FULLERTON, JR.  
ARCHIBALD BORLAND  
GEO. E. CROTHERS  
MARK C. ELWORTHY  
VICTOR ETIENNE, JR.  
M. VILAS HUBBARD  
EARL W. HUNTLEY

As and constituting a majority of Merced Irrigation District Bondholders' Protective Committee.

Certified Correct:

WILLIAM COURTRIGHT [683]

RESPONDENTS' EXHIBIT No. T  
PETITION FOR DEBT READJUSTMENT  
(State Court)

This exhibit was a copy of a petition entitled in the matter of the petition of Merced Irrigation District, an Irrigation District, for Readjustment of Debts, in the Superior Court of the State of California in and for the County of Merced, being Action Number 11675 therein. The petition being verified by the President and Secretary of the Merced Irrigation District and signed by C. Ray Robinson, Hugh Landram, Stephen W. Downey, and Downey, Brand, & Seymour, as attorneys for the Merced Irrigation District, dated July 20, 1937.

This petition was entitled Petition for Debt Readjustment and was filed pursuant to California Statutes 1937, Chapter 24, and alleged as follows:

I.

Alleged that the petitioner is an irrigation district organized under California law.

II.

Alleged that the Merced Irrigation District is unable to pay its debts as they mature and desires to effect a plan of readjustment for its outstanding bonded indebtedness.

This paragraph then set forth the details of the first, second, and third bond issues of the district, together with a form of the bond (all as described in the petition for composition of debts in the instant proceedings).

This paragraph further alleged that the district has been continuously in default on all payments of principal and interest for a period of in excess of three years.

The remainder of the petition then read as follows:

### III.

“That the Board of Directors of said Merced Irrigation District has heretofore adopted a plan for readjustment of said [684] bonded indebtedness which plan has been accepted in writing by the holders of over ninety per cent (90%) in principal amount of said bond indebtedness. That there are no bonds owned or held by said District. That said District desires to effect said plan and to avail itself of the relief and remedies provided for by the “Irrigation District Refinancing Act” (Stats. 1937, Chap. 24).

### IV.

That said plan of readjustment is described as follows:

That outstanding bonds of said District in the total principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00), with all interest coupons appurtenant thereto and right to interest due on said bonds as of July 1, 1933 and subsequently thereto, be purchased by Reconstruction Finance Corporation by the payment in cash for each bond of a sum equal to 51.501 cents for each dollar of principal amount thereof. That such payment be made out of the sum of

Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100th Dollars (\$8,338,011.90) heretofore set aside for that purpose to Merced Irrigation District by the Reconstruction Finance Corporation, an agency of the United States of America. That after purchase of all of said bonds Merced Irrigation District issue and deliver its refunding bonds in the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100th Dollars (\$8,338,011.90) to said Reconstruction Finance Corporation to evidence said loan, or in exchange on the basis aforesaid for such of said outstanding bonds of petitioner as may be held or purchased by said Reconstruction Finance Corporation out of the proceeds of said loan, to the end that the District will reduce its outstanding bond indebtedness from the principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) to the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100th Dollars (\$8,338,011.90), bearing interest at the rate of four per cent (4%) per annum. [685]

The District therefore proposes and offers to pay in cash to the holders of its outstanding bonds a sum equal to 51.501 cents for each dollar of principal amount of said bonds upon delivery and transfer of such bond and all interest coupons and right to interest appurtenant thereto which matured July 1, 1933 and subsequently thereto.

## V.

That on the 15th day of July, 1937, the Board of Directors of Merced Irrigation District, in proceedings to that end duly had and taken, adopted a resolution wherein and whereby said Board re-adopted and reaccepted said plan of readjustment of bonded indebtedness as aforesaid; that a certified copy of said resolution is filed and submitted with and attached to this petition, marked "Exhibit A" and by reference thereto made a part hereof.

## VI.

That all steps necessary to be taken to make said plan of readjustment effective have been taken, and that heretofore the refunding bonds to be issued and delivered under the conditions aforesaid, have been duly authorized by said District. That said bonds will bear four per cent (4%) interest per annum, payable semi-annually.

## VII.

That the Reconstruction Finance Corporation, Washington, D. C. owns over ninety per cent (90%) of the principal amount of said bond indebtedness of said District, to-wit, approximately Fourteen Million Six Hundred Forty Thousand Dollars (\$14,640,000.00) of the principal bond indebtedness of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) as aforesaid, and, as aforesaid, has in writing accepted said plan of readjustment. That a list of all other known holders of bonds of said District with their ad-

dresses so far as known to Merced Irrigation District, and a description of their respective claims so far as known to said [686] District, is hereto attached, marked "Exhibit B" and by reference thereto made a part hereof. That said exhibit has been compiled from the best sources of information available, including all books and records of said District, and is believed to be correct; but that transfers of bonds and coupons, either voluntarily or by operation of law, may have occurred, unknown to said District or through its books or records. That petitioner does not admit the authenticity of any purported bonds or coupons held by any of the holders so listed, nor does petitioner intend hereby to acknowledge any of said bonds or coupons so listed which are barred by the statute of limitations.

That said plan of readjustment is fair, equitable and for the best interests of the creditors of Merced Irrigation District who are affected thereby. That the offer of said plan of readjustment and its acceptance by over Ninety Per cent (90%) of its bondholders are in good faith and the District is authorized by law to take all action necessary to be taken to carry out said plan of readjustment.

#### VIII.

That the Board of Directors of Merced Irrigation District on the 13th day of July, 1937, presented said plan of readjustment to the California District Securities Commission and by order of said

commission in writing duly given and made on the 17th day of July, 1937, said Commission approved said plan of readjustment as being fair and equitable to the creditors affected thereby and for the best interests of Merced Irrigation District and the landowners thereof.

Wherefore, Petitioner prays:

1. That the Court, by order, set a time and place for the hearing of this petition and prescribe the notice of such hearing to be given;

2. That at such time and place the Court hold a hearing [687] upon said plan and after due proceedings had, enter an interlocutory judgment confirming said plan;

3. That, upon rendition of such interlocutory judgment the Court continue this proceeding for final hearing as to the value of the bonds of non-accepting holders, if any, and at such final hearing, after due proceedings had, the Court enter a judgment of acquisition, cancellation and condemnation by Petitioner of all bonds of non-accepting holders, if any, and that such proceedings be had in conformity with such judgment as may be prescribed thereby or by the Court;

4. And that petitioner have such other and further relief as may be meet and agreeable to equity.

Dated: July 20, 1937." [688]

RESPONDENTS' EXHIBIT "U"

was a resolution of the Merced Irrigation District adopting the plan of readjustment of bond indebtedness, adopted July 13, 1937, reading as follows:

[689]

RESOLUTION ADOPTING PLAN OF  
READJUSTMENT OF BOND INDEBTEDNESS

Whereas, there are now issued and outstanding bonds of Merced Irrigation District totaling the sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) in principal amount; and

Whereas, said bond indebtedness and the interest thereon due as of July 1, 1933 and subsequently, is unpaid and in default; and

Whereas, said District is unable to pay said bond indebtedness or its debts as they mature unless said bond indebtedness is readjusted as hereinafter provided; and

Whereas, said District does not own any of the bonds or interest coupons appurtenant thereto constituting any of said bond indebtedness; and

Whereas, the plan of readjustment hereinafter referred to has heretofore been accepted in writing by the holders of over ninety per cent (90%) in principal amount of said bond indebtedness; and

Whereas, said plan of readjustment of bond indebtedness has heretofore been adopted by said District and it is now desired to re-affirm and re-adopt said plan of readjustment; and

Whereas, heretofore the Reconstruction Finance Corporation, an agency of the United States of America, Washington, D. C. has set aside certain funds for the purpose of assisting Merced Irrigation District to refinance its bonded indebtedness under the plan of readjustment hereafter described and said District has heretofore, after proceedings to that end duly had and taken, authorized the issuance and delivery of refunding bonds hereinafter referred to and necessary to carry out said plan of readjustment; and

Whereas, the terms and conditions governing the loan between the Reconstruction Finance Corporation and the Merced Irrigation District; the purchase of presently outstanding old bonds of Merced Irrigation District by the Reconstruction Finance Corporation; the exchange of old bonds purchased by the Reconstruction Finance Corporation for refunding bonds of the Merced Irrigation District; the terms and provisions of said refunding bonds and their issuance and payment by Merced Irrigation District, are set forth in the following resolutions and contracts, to-wit;

1. Resolution of Reconstruction Finance Corporation, dated November 14, 1934, awarding loan to Merced Irrigation District and setting forth the terms and conditions thereof, and certain resolutions of Reconstruction Finance Corporation amendatory thereof and supplemental thereto, all of which resolutions

were duly accepted by Merced Irrigation District;

2. Contract duly entered into by and between Reconstruction Finance Corporation and Merced Irrigation District, dated August 14, 1935;

3. Contract duly entered into between Merced Irrigation District and Reconstruction Finance Corporation, dated September 16, 1935; and [690]

Whereas, the plan of readjustment hereinafter referred to is designed and intended to effectuate the intent, purposes, objects and obligations of the foregoing resolutions and contracts;

Now, Therefore, Be It Resolved, that the following plan of readjustment of the bond indebtedness of said District be adopted, re-adopted, approved and confirmed as follows, to-wit;

That outstanding bonds of said District in the total principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00), with all interest coupons appurtenant thereto and right to interest due on said bonds as of July 1, 1933 and subsequently thereto, be purchased by Reconstruction Finance Corporation by the payment in cash for each bond of a sum equal to 51.501 cents for each dollar of principal amount thereof. That such payment be made out of the sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100th Dollars (\$8,338,011.90) hereto-

fore set aside for that purpose to Merced Irrigation District by the Reconstruction Finance Corporation, an agency of the United States of America. That after purchase of all of said bonds, Merced Irrigation District issue and deliver its refunding bonds in the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) to said Reconstruction Finance Corporation to evidence said loan, or in exchange on the basis aforesaid for such of said outstanding bonds of petitioner as may be held or purchased by said Reconstruction Finance Corporation out of the proceeds of said loan, to the end that the District will reduce its outstanding bond indebtedness from the principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) to the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90), bearing interest at the rate of four per cent (4%) per annum.

The District therefore proposes and offers to pay in cash to the holders of its outstanding bonds, a sum equal to 51.501 cents for each dollar of principal amount of said bonds upon delivery and transfer of such bond and all interest coupons and right to interest appurtenant thereto which matured July 1, 1933 and subsequently thereto.

Be It Further Resolved that the Secretary of the Board of Directors is authorized and directed to

present said plan of readjustment to the California District Securities Commission with a petition requesting the approval of said plan by said commission pursuant to the provisions of the Irrigation District Refinancing Act; and

Be It Further Resolved that if said plan is approved by said commission as being fair and equitable to the creditors affected thereby and for the best interests of the said District and the land-owners thereof, then Messrs. C. Ray Robinson, Hugh Landram, Stephen W. Downey and Downey, Brand & Seymour, attorneys for said District, are hereby instructed to file in the Superior Court of Merced County the verified petition pursuant to said Irrigation District Refinancing Act, praying that said plan be effected in accordance with said Act.

On motion of Director Wolf, seconded by Director Maze, the foregoing resolution was adopted by the following vote:

Ayes: President D. K. Barnell, W. H. Robinson, E. B. Maze, E. B. Wood, J. A. Wolf.

Noes: None.

Absent: None. [691]

I, H. P. Sargent, Secretary of the Merced Irrigation District, do hereby certify that the foregoing is a true and correct copy of a resolution adopted at a regular adjourned meeting of the Board of Directors of Merced Irrigation District held on the 13th day of July, 1937, by unanimous vote of said Board.

In Witness Whereof, I have hereunto affixed my hand and the seal of the said District, this 4th day of January, 1938.

[Seal] (Signed) H. P. SARGENT

Secretary

Merced Irrigation District [692]

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### RESPONDENTS' EXHIBIT "V"

was acceptance of plan of readjustment of indebtedness of Merced Irrigation District, as follows:  
[693]

#### ACCEPTANCE OF PLAN OF READJUSTMENT OF INDEBTEDNESS OF MERCED IRRIGATION DISTRICT OF MERCED, CALIFORNIA.

Whereas, this Corporation has purchased and now holds bonds of the Merced Irrigation District in an amount exceeding 89% of the bonded indebtedness of such District; and

Whereas, said District desires to file a petition in the Superior Court of the State of California, in and for the County of Merced, under Chapter 24, Statutes of 1937, the same being Assembly Bill No. 2786, in order to effect a plan of readjustment of its outstanding indebtedness; and

Whereas, the Board of Directors of such District adopted a plan of readjustment of its outstanding indebtedness on the basis and including the terms and conditions as follows:

That outstanding bonds of said District in the total principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00), with all interest coupons appurtenant thereto and right to interest due on said bonds as of July 1, 1933, and subsequently thereto, be purchased by the payment in cash for each bond a sum equal to 51.501 cents for each dollar of principal amount thereof. That such payment be made out of the proceeds of a loan in the sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) heretofore awarded to Merced Irrigation District by the Reconstruction Finance Corporation, an agency of the United States of America. That Merced Irrigation District issue and deliver its refunding bonds in the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100 Dollars (\$8,338,011.90) to said Reconstruction Finance Corporation to evidence said loan, or in exchange on the basis aforesaid for such of said outstanding bonds of petitioner as may be held or purchased by said Reconstruction Finance Corporation out of the proceeds of said loan, to the end that the District will reduce its outstanding bond indebtedness from the principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) to the principal sum of Eight

Million Three Hundred Thirty-eight Thousand Eleven and 90/100 Dollars (\$8,338,011.90), bearing interest at the rate of Four Per Cent (4%) per annum.

The District therefore proposes and offers to pay in cash to the holders of its outstanding bonds a sum equal to 51.501 cents for each dollar of principal amount of said bonds upon delivery and transfer to said District of such bond and all interest coupons and right to interest appurtenant thereto which matured July 1, 1933, and subsequently thereto;

and [694]

Whereas, such plan of readjustment appears to be fair, just and reasonable and adopted in good faith on the part of such District and has been approved by the Division Chief or Acting Chief of the Drainage, Levee and Irrigation Division and Counsel for this Corporation; and

Whereas, its adoption by Reconstruction Finance Corporation appears advisable.

Now, Therefore, by reason of the foregoing facts, and on the recommendation of the Division Chief or Acting Chief, such proposed plan of readjustment submitted by the Board of Directors of Merced Irrigation District be and hereby is approved and accepted by Reconstruction Finance Corporation with the understanding, however, that upon the confirmation of such plan the payment of any and all interest by such irrigation district due

Reconstruction Finance Corporation, on account of the bonds of such District held by Reconstruction Finance Corporation, in excess of interest at the rate of 4% per annum on the amount disbursed by it in acquiring such bonds, be and hereby is waived to the benefit of such District.

And Reconstruction Finance Corporation consents that such District may file its petition for readjustment of its indebtedness in the Superior Court of the State of California, in and for Merced County, as provided in Chapter 24, Statutes of 1937, the same being Assembly Bill No. 2786.

The Secretary or an Assistant Secretary of this Corporation is hereby authorized and directed to forward a certified copy of the foregoing acceptance to Messrs. Downey, Brand and Seymour, Capital National Bank Building, Sacramento, California, attorneys for the District.

\* \* \* \* \*

I hereby certify that the above and foregoing is a true and correct copy of an acceptance by the Executive Committee of the Reconstruction Finance Corporation on the 9th day of July, 1937.

[Seal] (Signed) RONALD H. ALLEN

Assistant Secretary

Reconstruction Finance Corporation

[695]

## RESPONDENTS' EXHIBIT "W"

## NOTICE OF HEARING

This exhibit was a notice of hearing by Merced Irrigation District to the bondholders in the State Court proceeding, reading as follows:

In the Superior Court of the State of California,  
in and for the County of Merced.

No. 11675

In the Matter of the Petition of Merced Irrigation District, an Irrigation District, for Readjustment of Debts.

NOTICE TO HOLDERS OF BONDS ISSUED  
BY MERCED IRRIGATION DISTRICT OF  
HEARING UNDER IRRIGATION DISTRICT  
REFINANCING ACT.

Notice Is Hereby Given to all holders of bonds issued by Merced Irrigation District (hereinafter designated "Petitioner"), an irrigation district organized and existing under and by virtue of the laws of the State of California, as follows:

1. That said petitioner has filed in the Superior Court of the State of California, in and for the County of Merced, at Merced, California, a petition for approval of a plan to readjust all of its bonded indebtedness;

2. That said petition and plan have been submitted by petitioner under the Act of the Legislature of the State of California, known and desig-

nated as "Irrigation District Refinancing Act."

3. That a general statement of said plan is as follows:

That all outstanding bonds of said petitioner in the principal sum of Sixteen Million One Hundred Ninety Thousand Dollars (\$16,190,000.00) and all interest coupons appurtenant thereto and right to interest due thereon as of July 1, 1933 and subsequently thereto, be purchased by Reconstruction Finance Corporation by the payment in cash for each bond of a sum equal to 51.501 cents for each dollar of principal amount thereof. That such payment be made out of the sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) heretofore set aside for that purpose to petitioner by the Reconstruction Finance Corporation, an agency of the United States of America. That after purchase of all of said bonds, petitioner issue and deliver its refunding bonds in the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90) to said Reconstruction Finance Corporation to evidence said loan or in exchange, on the basis aforesaid, for such of said outstanding bonds of petitioner as may be held or purchased by said Reconstruction Finance Corporation out of the proceeds of said loan, to the end that petitioner will reduce its outstanding bond indebtedness from the principal sum of Sixteen Million One Hundred Ninety Thousand

Dollars (\$16,190,000.00) to the principal sum of Eight Million Three Hundred Thirty-eight Thousand Eleven and 90/100ths Dollars (\$8,338,011.90), bearing interest at the rate of four per cent (4%) per annum.

Petitioner therefore proposes and offers to pay in cash to the holders of its outstanding bonds a sum equal to 51.501 cents for each dollar of principal amount of said bonds upon delivery and transfer of such bond and all interest coupons and right to interest appurtenant thereto which matured July 1, 1933 and subsequently thereto.

4. That a written acceptance of said plan has been executed by the holders of more than ninety per cent in principal amount of said bonded indebtedness.

5. That said plan has been approved in writing by California Districts Securities Commission as being fair and equitable to the creditors affected thereby and for the best interest of petitioner and the landowners thereof.

6. For further particulars reference is made to said petition on file in this proceeding and to said Irrigation District Refinancing Act (Stats. 1937, Chapter 24).

7. That a hearing will be held before said Court on Wednesday the 15th day of December, 1937, at the hour of 10:00 o'clock A. M. at the Courtroom of Department 1 of said Court, in the Courthouse of Merced County, Merced, California, for the pur-

pose of considering said petition and said plan of readjustment and any changes, amendments or modifications thereof which may be proposed, and that at the hearing any creditor affected by the plan may appear and be heard in reference thereto as provided in the Irrigation District Refinancing Act (Stats. 1937, Chapter 24).

Dated: This 20th day of July, 1937.

MERCED IRRIGATION DISTRICT

By D. K. BARNELL

President of its Board of Directors,

and by

H. P. SARGENT,

Secretary

[Seal of Merced

Irrigation District]

C. RAY ROBINSON

HUGH LANDRAM

STEPHEN W. DOWNEY

DOWNEY, BRAND & SEYMOUR

Attorneys for

Merced Irrigation District. [696]

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## RESPONDENTS' EXHIBIT "X"

Annual Financial Statements.

These were annual financial statements of the district for the years 1931 to 1937. [697]

**ANNUAL STATEMENT OF THE FINANCIAL  
CONDITION OF MERCED IRRIGATION  
DISTRICT FOR YEAR 1931.**

To the Board of Directors,  
Merced Irrigation District:

Pursuant to and in accordance with Section 14A of the California Irrigation District Act, I submit herewith a statement of the financial condition of the Merced Irrigation District showing receipts and disbursements by Funds for the year 1931.

H. P. SARGENT,  
Secretary.

E. E. NEEL,  
Auditor.

Subscribed and sworn to before me this 20th day of January, 1932.

[Seal] GUSSIE BOYSON,  
Notary Public in and for the State of California,  
County of Merced.

**EXHIBIT "A"**

Statement of Income and Expenditures  
for Year Ending Dec. 31, 1931

**Receipts**

Income (Sched. 1)

	<b>Gen. Fund</b>	<b>Bond Fund</b>	<b>Total</b>
Taxes, 1931-1932 (1st Installment)	129,170.03	277,216.73	406,386.76
Taxes, 1930-31 .....	18,782.98	366,681.21	385,464.19
Taxes, 1920-30 (Delinquent) .....	24,276.17		24,276.17
Other Income .....	134,768.08		134,768.08
<b>Total</b> .....	<b>306,997.26</b>	<b>643,897.94</b>	<b>950,895.20</b>

## Disbursements

Exp'd. (Sched. 2)			
Capital Exp'd. & Operation.....	329,132.51		329,132.51
Bond Interest & Retirements .....		950,631.74	950,631.74
Total .....	329,132.51	950,631.74	1,279,764.25

## Fund Balances (Schedule 3)

Fund Balance for Year .....	* 22,135.25	*306,733.80	*328,869.05
Fund Balance Jan. 1, 1931 .....	5,200.00	742,022.50	747,222.50
Transfer Bond to Gen. Fun.....	174,375.64	*174,375.64	
Fund Balances Dec. 31, 1931 .....	\$157,440.39	260,913.06	418,353.45

\* Red

§ Includes \$82,444.25 Frozen Deposit Farmers &amp; Merchants Bank

## Analysis of Income

## EXHIBIT "A" SCHEDULE 1

## Current Taxes

First Installment 1931-32.....	406,386.76	
Second Installment 1930-31.....	385,464.19	791,850.95
Delinquent Taxes 1925-26 .....	185.38	
Delinquent Taxes 1926-27.....	1,032.81	
Delinquent Taxes 1927-28.....	5,044.47	
Delinquent Taxes 1928-29.....	2,847.00	
Delinquent Taxes 1929-30 .....	15,166.51	24,276.17

## Other Income

Interest on Tax Redemptions.....	7,015.82	
Water Tolls .....	2,203.80	
Real Estate Rentals.....	2,604.01	
Water Diversion Concession .....	500.00	
Sale of Electric Energy .....	95,917.21	
Inclusion New Acreage.....	3,180.00	
Interest on Bank Balances.....	5,861.94	
Tax Property Sales.....	6,509.90	
Sale of Lots (Merced Post Office Site)	10,975.40	134,768.08

Total Income .....		950,895.20
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## Analysis of Expenditures

## EXHIBIT "A" SCHEDULE 2

## Capital Expenditures

.....Building Improvements .....		5,014.67	
Canals, New Construction .....	2,959.92		
Canals, Betterments .....	66,071.59	69,031.51	
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Drainage Wells, New Construction .....	1,952.35		
Drainage Wells, Betterments .....	434.56	2,386.91	
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Drainage Ditches, Betterments.....		361.86	
Telephone Line Extensions .....		3,881.63	
Exchequer Dam & Camp Bet.....		283.27	80,959.85
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## Maintenance &amp; Operation

## General Overhead

Board of Directors.....	5,978.47		
Legal Expenses .....	4,809.42		
Engineering .....	16,136.48		
Election Expense .....	600.11		
Executive Administration .....	5,500.00	33,024.48	
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## Office Expenses

General Office .....	6,524.90		
Treasurer's Office .....	1,483.45		
Assessor-Collector Office .....	8,381.46	16,389.81	
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## Refunds

Tax Refunds .....	1,389.54		
Pumping Plant Refunds.....	22,190.44		
Crocker-Huffman Con't. Pmts. ....	57,725.11	81,305.09	

## Insurance, Damages, etc.

Industrial Insurance .....	2,327.65		
Casualty Insurances .....	6,881.93		
Fidelity Bonds .....	480.00		
Damage Payments .....	125.00	9,814.58	
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## Irrigation Operations

Distribution of Water.....	40,856.27		
Maintenance & Repairs.....	38,699.63	79,555.90	
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Drainage Operations			
Operation of Wells .....	9,532.76		
Maintenance & Repairs .....	7,324.18	16,856.94	
Powerhouse Operation .....		17,378.54	
Deeded Tax Property Exp. ....		249.15	
Drainage Contracts			
Interest .....	3,636.42		
District No. 1 .....	2,250.00		
District No. 2 .....	7,150.00		
Fruitland .....	600.00	13,636.42	
Interest on \$106,175.51 Reg. War.		628.20	268,839.11
Total .....			349,798.96
Less-Stock Liquidation .....	10,104.76		
Equipment Depreciation .....	10,561.69		20,666.45
Total General Fund .....			329,132.51
Bond Interest & Redemptions			
Interest District Bonds .....	949,147.50		
Interest Drainage Bonds .....	216.00		
Retirement Drainage Bonds .....	600.00	949,963.50	
Int. on \$33,467.50 Bond Int.			
Coupons .....		668.24	950,631.74
Total Expenditures .....			1,279,764.25

## Reconciliation with Treasurer

## EXHIBIT "A" SCHEDULE 3

	Gen. Fund	Bond Fund	Total
Treasurer's Balance .....	163,627.77	216,915.41	380,543.18
Plus—			
Collector's Funds .....	19,227.55	43,997.65	63,225.20
	182,855.32	260,913.06	443,768.38
Less—			
Outstanding Warrants .....	25,614.93		25,614.93
	157,240.49	260,913.06	418,153.45
Plus—			
Auditor's Petty Cash .....	200.00		200.00
Fund Balances Dec. 31, 1931 .....	157,440.49	260,913.06	418,353.45

TO THE BOARD OF DIRECTORS,  
MERCED IRRIGATION DISTRICT:

Pursuant to and in accordance with Section 14A of the California Irrigation District Act. I submit herewith a statement of the financial condition of the Merced Irrigation District showing receipts and disbursements by Funds for the year 1931.

E. E. NEEL,

Auditor

H. P. SARGENT,

Secretary

Subscribed and sworn to before me this 27th day of January, 1932.

(Seal)

GUSSIE BOYSEN

Notary Public in and for the State of  
California, County of Merced.

No. 16, Feb. 6, 13.

## COMMENTS ON FINANCIAL STATEMENT

### Tax Collections

Unusual heavy delinquency appeared in the collection of 1930-31 tax in June amounting to 17.63% or \$210,596.89 not paid; and in collection of 1931-32 tax 1st installment (60%) payable on December 1931, 38.3% or sum of \$246,379.30 was not paid.

### Condition of Funds

Revenue from sale of Hydro-electric energy was only \$95,917.21 and with heavy losses in the two main sources of revenue, the expenditures for the calendar year were greater than the income to the extent of \$22,135.25 in General Fund and \$306,733.80 in Bond Fund.

### Registered Warrants

It was necessary to issue registered warrants against the General Fund for operation purposes in the sum of \$106,175.51. Payment of Bond Interest in July was made from Bond Fund to all bond holders except coupons in the amount of \$33,467.50 which were registered. The 1931-32 tax levy provided for payment of these outstanding registered warrants and bond interest coupons and they have been paid from tax money received.

### Bond Interest Coupons

There came into the Bond Fund from 1st installment of 1931-1932 taxes the sum of \$260,913.06 for payment of January 1, 1932 Bond Interest Coupons in amount of \$474,573. There not being sufficient money on hand to pay coupons presented, the Treasurer at present has not determined how the money will be dispersed.

Further information concerning the district will be furnished upon request.

H. P. SARGENT,  
Secretary.

## MERCED IRRIGATION DISTRICT STATISTICS

As of December 1, 1931.

Gross Area, Acres.....	190,025
Bonded Indebtedness .....	\$16,250,000
Irrigable Acres .....	170,000
Acres Irrigated 1931 Gravity.....	123,520
Acres Irrigated (Private Pumping Plants).....	9,000

Note: Approximately 10,000 additional acres have been developed and received gravity water each year up to 1931.

Miles of Canals and Laterals.....	1,200
Miles Concrete Lined Canals.....	50
Miles Drainage Ditches.....	75
Drainage Pumps and Wells.....	84
Storage Capacity Exchequer Reservoir (Lake McClure).....	289,000 acre feet
Source of Supply.....	Merced River
Hydro Electric Power Plant at Exchequer.....	
.....	25,000 K. W.
Assessed Valuation 1931-32.....	\$19,159,570
Tax Rate 1930-31 .....	
.....	\$5.60 per \$100 of Assessed Valuation
Average Size of Farms.....	60 Acres
Cities and Towns: Merced (Gateway to Yosemite), Atwater, Livingston, Winston, Cressey, Tuttle, Planada and Le Grand.	
Population of District.....	23,000

Transportation: Main line Southern Pacific R. R.,  
Oakdale branch S. P. R. R. Atchison, Topeka &  
Santa Fe R. R., Yosemite Valley R. R., Golden  
State Highway, Yosemite Highway, Pacheco  
Pass Highway to Yosemite Valley. [698]

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ANNUAL STATEMENT OF THE FINANCIAL  
CONDITION OF MERCED IRRIGATION  
DISTRICT FOR YEAR 1932.

To the Board of Directors,  
Merced Irrigation District:

Pursuant to and in accordance with Section 14A  
of the California Irrigation District Act, I submit  
herewith a statement of the financial condition of  
the Merced Irrigation District showing receipts and  
disbursements by Funds for the year 1932.

H. P. SARGENT,  
Secretary.

E. E. NEEL,  
Auditor.

Subscribed and sworn to before me this 17th day  
of January, 1933.

[Seal] GUSSIE BOYSON,  
Notary Public in and for the State of California,  
County of Merced.

## EXHIBIT "A"

## Statement of Income and Expenditures

For Year Ending Dec. 31, 1932

## Receipts

Income (Schedule 1)	General Fund	Bond Interest Fund	Bond Principal Fund	Total
Taxes, 1932-33 (1st Installment) .....		237,917.72	13,776.21	251,693.93
Taxes, 1931-32 .....	92,008.56	190,580.02		282,588.58
Taxes, 1920-31 (Delinquent) .....	33,316.66			33,316.66
Other Income .....	219,234.39	437,782.50		657,016.89
Total .....	344,559.61	866,280.24	13,776.21	1,224,616.06

## Disbursements

Expenditures (Schedule 2)			
Capital Expended and Operation .....	383,912.96		383,912.96
Bond Interest .....		951,812.59	951,812.59
Total .....	383,912.96	951,812.59	1,335,725.55

## Fund Balances (Schedule 3)

Fund Balances for				
Year .....	* 39,353.35	* 85,532.35		*111,109.49
Fund Balances Dec. 31,				
1931 .....	157,440.39	260,913.06		418,353.45
Fund Balances Dec. 31,				
1932 .....	°118,087.04	175,380.71	13,776.21	307,243.96

\*Red.

°Includes \$82,444.25 Frozen Deposit F. &amp; M. Bank.

## EXHIBIT "A" SCHEDULE 1

## Analysis of Income

## Current Taxes

First Installment 1932-33.....	251,693.93	
Second Installment 1931-32.....	282,588.58	534,282.51
<hr/>		
Delinquent Taxes 1925-26.....		
Delinquent Taxes 1926-27.....	198.63	
Delinquent Taxes 1927-28.....		
Delinquent Taxes 1928-29.....	12,422.74	
Delinquent Taxes 1929-30.....	1,684.53	
Delinquent Taxes 1930-31.....	19,010.76	33,316.66
<hr/>		

## Other Incomes

Interest on Redemptions .....	10,511.21	
Water Tolls .....	14,363.58	
Real Estate Rentals .....	7,495.88	
Water Diversion Concession .....	500.00	
Sale of Electric Energy .....	605,630.18	
Interest on Bank Balances.....	3,794.31	
Tax Property Sales .....	3,112.68	
Treasurer's Bond Settlement F. & M Bank .....	12,000.00	
Misc. Equipment Rentals, etc.....	1,226.28	
<hr/>		

658,634.12

## Less Adjustment 1931 Inclusion

Fee .....	1,617.23	657,016.89
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Total Income .....

1,224,616.06

**EXHIBIT "A" SCHEDULE 2****Analysis of Expenditures****Capital Expenditures**

Building Improvements .....	192.39	
Canals, Betterments .....	8,242.49	
Telephone Lines—Extensions .....	84.80	
Upper Project—Betterments .....	327.73	8,847.41

**Maintenance and Operation—****General Overhead:**

Board of Directors.....	4,269.54	
Legal Expense .....	12,466.04	
Engineering & Superintendence .....	10,690.19	
Executive Administration .....	5,500.00	32,925.77
Refinancing Expense .....		15,895.67

**Office Expenses**

General Office .....	5,666.40	
Treasurer's Office .....	1,423.69	
Assessor-Collector Office .....	8,595.06	15,685.15

**Refunds**

Tax Refunds .....	553.69	
Crocker-Huffman Cont.		
Payments .....	57,178.37	
Pumping Plant Refunds.....	12,998.26	70,730.32

**Insurance, Damages, etc.**

Industrial Insurance .....	1,525.82	
Casualty .....	6,821.64	
Fidelity Bonds .....	460.00	
Damages .....	820.00	
Interest Registered Warrants.....	1,000.49	10,627.95

**Irrigation Operations**

Distribution of Water.....	61,677.90	
Maintenance & Repairs.....	51,815.98	113,493.88

**Drainage Operations**

Operation of Drainage Wells .....	66,653.42		
Maintenance & Repairs Canals & Structures .....	1,325.02	67,978.44	
Powerhouse Operations .....		20,947.49	
Deeded Tax Property Expense...		78.19	
Drainage Contracts, Interest.....		180.00	
Accounts Payable (1931 Items paid 1932) .....		37,073.37	385,616.23
Total .....			394,463.64
Less—Stock Liquidation .....		687.04	
Depreciation on Equipment.....		9,863.64	10,550.68
Total General Fund .....			383,912.96
Bond Interest			
Bond Interest Coupons.....	946,170.00		
Interest on Registered Coupons	5,642.59		951,812.59
Total Expenditures .....			1,335,725.55

**EXHIBIT "A" SCHEDULE 3**

Reconciliation with Treasurer

	<u>General Fund</u>	<u>Bond Int. Fund</u>	<u>Bond Prin. Fund</u>	<u>Total</u>
Treasurer's Balance Dec.				
31, 1932 .....	128,730.27	165,673.64	13,776.21	307,738.83
Plus—				
Collector's Funds .....	143.57	9,607.07	541.29	10,291.93
Total.....	128,873.84	175,280.71	13,234.92	318,030.76
Less—				
Outstanding Warrants...	10,986.80			10,986.80
	117,887.04	175,280.71	13,234.92	307,043.96
Plus—				
Auditor's Petty Cash.....	200.00			200.00
Fund Balances Dec. 31,				
1932 .....	118,087.04	175,280.71	13,234.92	307,243.96

To the Board of Directors,  
Merced Irrigation District:

Pursuant to and in accordance with Section 14A of the California Irrigation District Act, I submit herewith a statement of the financial condition of the Merced Irrigation District showing receipts and disbursements by Funds for the year 1932.

E. E. NEEL,

Auditor.

H. P. SARGENT,

Secretary.

Subscribed and sworn to before me this 17th day of January, 1933.

[Seal] GUSSIE BOYSEN,  
Notary Public in and for the State of California,  
County of Merced.

## COMMENTS ON FINANCIAL STATEMENT

### Tax Collections

Last year with an assessment roll of \$19,159,570 and a tax rate of \$5.60 per \$100 valuation and total levy of \$1,071,567.84 there was unpaid the sum of \$361,899.43 or a delinquency of 33.7%.

The 1932 assessment roll after revaluation of the District by the Assessor was \$12,873,880 and with outstanding bond interest obligation and fixed charges it was necessary to fix a legal tax levy of \$8.90 per \$100 valuation in the amount of \$1,148,483.04. Of this sum there was due on 1st installment

\$689,189.03 and of said sum \$244,411.95 was paid leaving a delinquency of 64.6%.

### Bond Fund

On December 31, 1932 there was outstanding unpaid Bond Interest coupons in amount of \$20,065. On January 1, 1933 there became due \$477,200 additional interest coupons making total bond interest coupons due of \$497,265. In the Bond Interest Fund to meet this obligation was the sum of \$175,380.71 making a total default in payment of Bond Interest of \$321,884.29.

On January 1, 1933 bonds of the District became due in the sum of \$60,000. To meet this obligation there was in the Bond Principal Fund \$13,500, leaving a default in payment of bond principal in the sum of \$46,500.

### Refinancing

During the year 1931 efforts to reach an agreement on a refinancing plan having failed, early in the year 1932 a Citizens Advisory Committee of 27 members was organized to assist the Board of Directors in refinancing and on May 19, 1932 the Board of Directors after receiving recommendations from the Advisory Committee, appointed Mr. Max Thelen of San Francisco, an attorney of outstanding ability and well qualified for this work, as Negotiator to represent the District in its refinancing operations.

Shortly after his appointment Mr. Thelen arranged for an Economic Survey and Appraisal of the lands of the District to obtain the facts in so

far as possible "of the ability of the Lands to pay" to be used as the basis of a refinancing plan. This survey and appraisal has been conducted with a representative of the bondholders committee as observer, and will be released shortly by the University of California, College of Agriculture, Division of Agricultural Economics, which has been conducting the survey.

After the report is received and studied by the Negotiator, Board of Directors and Fact Finding Committee, a plan for refinancing based on the findings of said report will be presented to the bondholders for their approval. It is expected that this will be accomplished by the latter part of February.

Further information concerning the District will be furnished upon request.

H. P. SARGENT, Secretary.

## MERCED IRRIGATION DISTRICT STATISTICS

As of December 31, 1932

Gross Area, Acres.....	190,125
Bonded Indebtedness .....	\$16,250,000
Irrigable Acres .....	170,000
Acres Irrigated 1932 Gravity.....	120,652
Acres Irrigated (Private Pumping Plants).....	9,000

Note: Approximately 10,000 additional acres have been developed and received gravity water each year up to 1931.

Miles of Canals and Laterals.....	1,200
Miles Concrete Lined Canals.....	50
Miles Drainage Ditches.....	75
Drainage Pumps and Wells.....	84
Storage Capacity Exchequer Reservoir (Lake McClure) .....	289,000 acre feet
Source of Supply.....	Merced River
Hydro Electric Power Plant at Exchequer .....	25,000 K. W.
Assessed Valuation 1932-33.....	\$12,873,880
Tax Rate 1932-33 .....	\$8.90 per \$100 of Assessed Valuation
Average Size of Farms.....	60 Acres
Cities and Towns: Merced (Gateway to Yosemite), Atwater, Livingston, Winton, Cressey, Tuttle, Planada and Le Grand.	
Population of District.....	20,000
Transportation: Main line Southern Pacific R. R., Oakdale branch S. P. R. R., Atchison, Topeka & Santa Fe R. R., Yosemite Valley R. R., Golden State Highway, Yosemite Highway, Pacheco Pass Highway to Yosemite Valley.	

ANNUAL STATEMENT OF THE FINANCIAL  
CONDITION OF MERCED IRRIGATION  
DISTRICT FOR YEAR 1933.

To the Board of Directors  
Merced Irrigation District:

Pursuant to and in accordance with Section 14A  
of the California Irrigation District Act, I submit  
herewith a statement of the financial condition of  
the Merced Irrigation District showing receipts and  
disbursements by Funds for the year 1933.

H. P. SARGENT,  
Secretary.

E. E. NEEL,  
Auditor.

Subscribed and sworn to before me this 6th day  
of February, 1934.

[Seal] GUSSIE BOYSEN,  
Notary Public in and for the State of California,  
County of Merced. [700]

# EXHIBIT "A"

## STATEMENT OF INCOME & EXPENDITURES

For Year Ending Dec. 31, 1933

### Receipts

Income (Schedule 1)	General Fund	Bond Int. Fund	Bond Prin. Fund	Total
Taxes, 1933-34 (1st Inst.).....	54,393.32			54,393.32
" 1932-33 .....	3,376.84	234,952.60	13,604.54	251,933.98
" 1920-32 (Delin.) .....	30,604.30			30,604.30
Other Income .....	344,513.79	8,782.79	566.66	353,863.24
Total.....	432,888.25	243,735.39	14,171.20	690,794.84
Less Disbursements				
Expenditures (Schedule 2)				
Capital Expenditures—and operation.....	425,275.79			425,275.79
Bond Interest .....		364,665.85		364,665.85
Bond Retirements .....			24,916.70	24,916.70
Total.....	425,275.79	364,665.85	24,916.70	814,858.34
Fund Balances (Schedule 3)				
Fund Balances for year.....	7,612.46	120,930.46	10,745.50	129,288.42
Fund Balances Dec. 31, 1932.....	118,087.04	175,380.71	13,776.21	307,243.96
Fund Balances Dec. 31, 1933.....	*125,699.50	54,450.25	3,030.71	183,180.46
o Red				

\* Includes \$76,448.30 Frozen Deposit F & M Bank.

## EXHIBIT "A"—SCHEDULE 1

## ANALYSIS OF INCOME

## Current Taxes

First Installment 1933-34.....	54,393.32	
Second       "       1932-33.....	251,933.98	306,327.30

Delinquent Taxes 1928-29.....	25.25	
"       "       .....1929-30	576.98	
"       "       .....1930-31	2,727.47	
"       "       .....1931-32	21,637.37	

## Partial Redemptions under Senate

Bill #65 .....	5,637.23	30,604.30
Interest on Redemptions.....	7,125.84	
Water Tolls .....	10,341.50	
Real Estate Rentals.....	16,943.64	
Sale of Electric Energy.....	316,924.89	
Interest on Bank Balances.....	1,197.47	
Tax Property Sales.....	89.40	
Equipment Rentals .....	1,240.50	353,863.24

Total Income.....		690,794.84
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[702]

## EXHIBIT "A"—SCHEDULE 2

## ANALYSIS OF EXPENDITURES

## Capital Expenditures

Materials .....	4,105.02	
Equipment .....	3,913.54	8,018.56
<hr/>		
Booster Plants—Bet. ....		1,515.57
Canal Extensions—New .....	1,063.34	
"    Additions .....	13,224.30	14,287.64
<hr/>		
Drainage Wells—Bet. ....		5,053.22
Drainage Canals—New .....		335.38
Upper Project—Bet. ....		3,482.05
		<hr/>
		32,692.42

## Maintenance &amp; Operation

## General Overhead

Board of Directors .....	4,406.26	
Legal Expense .....	4,218.66	
Engineering & Supt. ....	10,726.43	19,351.35
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Election Expense .....		987.49
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## Office

General Office .....	11,190.72	
Treasurer's " .....	1,522.40	
Assessor—Col. office .....	10,138.25	22,851.37
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Refinancing Expense .....		37,019.40
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Special Survey (Economic) .....		1,635.19
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## Refunds &amp; Insurance

Tax Refunds .....	279.26	
Pumping Plant Refunds .....	6,445.27	
Compensation Insurance .....	3,047.37	
Casualty " .....	6,559.80	
Fidelity Bonds—Emp. ....	434.63	
Damage Payments .....	1,315.00	18,081.83
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## Irrigation Operations

Distribution of Water .....	63,381.49	
Maintenance & Repair .....	55,199.89	118,581.38
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[703]

Drainage Operations			
Operation of Drain Wells.....	75,106.00		
M & R Canals & Stets.....	1,969.15	77,075.15	
Powerhouse Operation .....		19,221.40	
CrockerHuffman Con't. Pmts.....		57,374.72	
Deeded Tax Prop. Expense.....		293.04	
Drainage Contracts			
Interest .....	5,618.49		
Principal .....	20,000.00	25,618.49	398,090.81
Total Capital & Operation.....			430,783.23
Less—Depreciation on			
Equipment .....		9,150.90	
Accounts Receivable .....		(3,643.46)	5,507.44
Total General Fund.....			\$425,275.79
Bond Interest Fund			
Bond Interest Coupons.....		357,305.00	
Interest on Registered Coupons		7,360.85	364,665.85
Bond Principal Fund			
Bond Retirements .....		24,500.00	
Interest on Registered Bonds..		416.70	24,916.70
Total Expenditures .....			\$814,858.34
			[704]

# EXHIBIT "A"—SCHEDULE 3

## RECONCILIATION WITH TREASURER

	General Fund	Bond Int. Fund	Bond Prin. Fund	Total
Treasurer's Balance Dec. 31, 1933.....	177,644.07	50,596.33	2,807.56	231,047.96
Plus—Collector's Funds .....	10,511.76	3,853.92	223.15	14,588.83
Total .....	188,155.83	54,450.25	3,030.71	245,636.79
Less—Outstanding Warrants .....	67,656.33			67,656.33
Plus—Auditor's Fund Payroll a/c.....	120,499.50	54,450.25	3,030.71	177,980.46
" Petty Cash .....	5,000.00			5,000.00
" .....	200.00			200.00
Fund Balances Dec. 31, 1933 .....	125,699.50	54,450.25	3,030.71	183,180.46

[705]

## MERCED IRRIGATION DISTRICT STATISTICS

As of December 31, 1933

Gross Area, Acres.....	190,125
Bonded Indebtedness .....	\$16,225,000
Irrigable Acres .....	170,000
Acres Irrigated 1933 Gravity.....	116,000
Acres Irrigated (Private Pumping Plants) .....	9,000
Miles of Canals and Laterals.....	1,200
Miles Concrete Lined Canals.....	50
Miles Drainage Ditches.....	75
Drainage Pumps and Wells.....	84
Storage Capacity Exchequer Reservoir (Lake McClure) .....	289,000 acre feet
Source of Supply.....	Merced River
Hydro Electric Power Plant at Exchequer .....	25,000 K. W.
Assessed Valuation 1932-33.....	12,292,410
Tax Rate 1933-34.....	\$1.00 per \$100 of Assessed Valuation
Average Size of Farms.....	60 Acres
Cities and Towns: Merced (Gateway to Yosemite), Atwater, Livingston, Winton, Cressey, Tuttle, Planada and Le Grand.	

Population of District.....	20,000
Transportation: Main line Southern Pacific R. R., Oakdale branch S. P. R. R., Atchison, Topeka & Santa Fe R. R., Yosemite Valley R. R., Golden State Highway, Yosemite Highway, Pacheco Pass Highway to Yosemite Valley. [706]	

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ANNUAL STATEMENT OF THE FINANCIAL  
CONDITION OF MERCED IRRIGATION  
DISTRICT FOR YEAR 1934.

To the Board of Directors Merced Irrigation Dis-  
trict:

Pursuant to and in accordance with Section 14A  
of the California Irrigation District Act, I submit  
herewith a statement of the financial condition of  
the Merced Irrigation District showing receipts and  
disbursements by Funds for the year 1934.

H. P. SARGENT,

Secretary.

E. E. NEEL,

Auditor.

Subscribed and sworn to before me this 30th day  
of March, 1935.

[Seal] P. BERTAINA,

Notary Public in and for the State of California,  
County of Merced.

## EXHIBIT "A"

## Statement of Income and Expenditures for Year Ending Dec. 31, 1934

## Receipts

## Income (Schedule 1)—

	General Fund	Bond Interest Fund	Bond Principal Fund	Total
Taxes, 1934-35 (First Installment).....	\$102,729.66			\$102,729.66
Taxes, 1933-34 .....	33,225.71			33,225.71
Taxes, 1932-33 (Delinquent) .....	50,484.41	\$76,763.96	\$34,943.01	162,191.38
Taxes, 1920-32 (Delinquent) .....	128,541.90			128,541.90
Other Income .....	251,836.31	294.16	60.04	252,190.51
Total .....	566,817.99	77,058.12	35,003.05	678,879.16

## Less Disbursements

Expenditures (Schedule 2)—				
Capital Expenditures and Operation.....	\$353,430.94			\$353,430.94
Bond Interest.....	125,526.32			125,526.32
Bond Retirements.....		36,788.75		36,788.75
Total.....	353,430.94	125,526.32	36,788.75	515,746.01

## Fund Balances

Fund ..... Balances (Schedule 3)—				
Fund Balances for Year.....	\$213,387.05	*\$48,468.20	*\$1,785.70	\$163,133.15
Fund Balances Dec. 31, 1933.....	125,699.50	54,450.25	3,030.71	183,180.46
Fund Balances Dec. 31, 1934.....	**339,086.55	5,982.05	1,245.01	346,313.61

\*Red.

\*\*Includes \$76,448.30 Frozen Deposit F. &amp; M. Bank.

## EXHIBIT "A"—SCHEDULE 1

## ANALYSIS OF INCOME

## Taxes—

Second Installment 1933-34.....	\$ 33,225.71	
First Installment 1934-35.....	102,729.66	135,955.37

Delinquent Taxes 1928-29.....	71.77	
Delinquent Taxes 1929-30.....	1,788.39	
Delinquent Taxes 1930-31.....	22,609.05	
Delinquent Taxes 1931-32.....	71,591.68	
Delinquent Taxes 1932-33.....	162,191.38	
Partial Redemptions under Senate Bills Nos. 65 and 3.....	32,481.01	290,733.28

## Other Income—

Interest on Tax Redemptions.....	40,415.56	
Water Tolls .....	1,048.93	
Real Estate Rentals.....	14,608.84	
Sale of Electric Energy.....	191,936.39	
Interest on Bank Balances.....	2,344.72	
Tax Property Sales.....	1,056.60	
Misc. Equipment Rentals.....	779.47	252,190.51 678,879.16

## EXHIBIT "A"—SCHEDULE 2

## ANALYSIS OF EXPENDITURES

## Capital Expenditures—

Materials and Equipment.....	\$ 4,613.22	
Land and Buildings.....	1,325.19	
Canal Extensions.....	782.38	
Canal Betterments.....	11,270.36	12,052.74
Drainage Well Betterments.....	8,245.02	
Upper Project Betterments.....	14,697.31	\$40,933.48

## Maintenance and Operation—

## General Overhead—

Board of Directors.....	2,942.59	
Legal Expense .....	3,116.08	
Engineering and Superintendent.....	10,523.20	16,581.87

## Office—

General Office .....	12,061.53	
Treasurer's Office .....	1,231.50	
Assessor-Collector Office .....	7,945.65	21,238.68

Refinancing Expense .....		32,370.45
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## Refunds and Insurance—

Tax Refunds .....	30.01	
Pumping Plant Refunds.....	4,339.37	
Compensation Insurance .....	2,334.99	
Casualty Insurance .....	1,442.06	
Fidelity Bonds—Emp. ....	440.00	
Damage Payments .....	111.00	8,697.43

## Irrigation Operations—

Distribution of Water.....	54,833.75	
Maintenance and Repairs.....	52,619.73	107,453.48

## Drainage Operations—

Operation of Drain Wells.....	58,698.82	
M. & O. Drain Canals and Struct.....	6,139.04	64,837.86

Powerhouse Operation .....	15,988.69	
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Crocker-Huffman Contract Payments..	39,741.81	
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Deeded Tax Property Expense.....	1,910.38	
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## Drainage Contracts—

Interest .....	2,018.03	
Principal .....	9,400.00	11,418.03

Total Capital and Operation.....		361,172.16
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Less Depreciation on Equipment.....	7,860.77	
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Accounts Receivable .....	*119.55	7,741.22
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Total General Fund .....		353,430.94
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## Bond Interest Fund—

Bond Interest Coupons.....	116,350.00	
Interest on Registered Coupons.....	9,176.32	125,526.32

## Bond Principal Fund—

Bond Retirements .....	34,500.00	
Interest on Registered Bonds.....	2,288.75	36,788.75

Total Expenditures .....		515,746.01
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\*Red.

EXHIBIT "A"—SCHEDULE 3  
RECONCILIATION WITH TREASURER

	General Fund	Bond Interest Fund	Bond Principal Fund	Total
Treasurer's Balance Dec. 31, 1934.....	\$354,266.04	\$5,982.05	\$1,245.01	\$361,493.10
Less—Outstanding Warrants.....	20,379.49			20,379.49
Total.....	333,886.55	5,982.05	1,245.01	341,113.61
Plus—Auditor's Fund Payroll Account.....	5,000.00			5,000.00
Auditor's Petty Cash Account.....	200.00			200.00
Fund Balances Dec. 31, 1934.....	339,086.55	5,982.05	1,245.01	346,313.61
				[707]

## COMMENTS OF FINANCIAL STATEMENT

## General Fund:

Fund balance of \$339,086.55 includes \$76,448.30 frozen deposit in defunct Farmers & Merchants National Bank and the further sum of \$102,729.66 collected on first installment of the 1934-35 tax which must be applied to operating expenses for 1935 year leaving a fund balance of \$259,908.59 for the 1934 calendar year. Practically all of this money, however, must be used for urgent maintenance work or betterments that should have been completed last year but which were deferred because of the anticipated shortage in the power revenue. The estimated budget requirements in this respect for 1934 were estimated at \$510,000, whereas the amount expended for operation and maintenance was \$353,430, and the difference must be made up out of the fund balance above noted.

In explanation of the failure to expend the necessary money for maintenance in 1934, it should be pointed out that the early snow and water survey showed prospects of a serious shortage affecting power revenue and the necessary work on the Irrigation District canal system was not completed on account of lack of funds before water was placed in the system. Power revenue for the year 1934 amounted to \$191,936 and delinquencies on the emergency tax rate of \$1.00 per \$100 valuation was 31%, and up to July strictest economy of operation was necessary. Certain relief legislation pertaining

to delinquent taxes and other relief measures causing readjustment in mortgages brought in delinquent tax revenue that was not anticipated, and with the short water year, reduced cost of operation and drainage resulted, with the result that the District had the Fund Balance above noted, which, however, must be applied to budgetary requirements for 1934 as noted above.

### Bond Interest Fund:

Under the emergency tax of \$1.00 per \$100 valuation which was 31% delinquent, no funds were provided for bond service. However, the District was able to pay from revenues received from delinquent taxes January 1, 1933, interest coupons in the amount of \$116,350 plus \$9,176.32 interest on said coupons.

At the present time the District is in default in the payment of bond interest coupons as follows:

Jan. 1, 1935 and prior thereto .....	\$ 21,735.00
July 1, 1933 .....	475,400.00
Jan. 1, 1934 .....	475,400.00
July 1, 1934 .....	473,510.00
Jan. 1, 1935 .....	473,510.00
<hr/>	
Total Interest Due .....	1,919,555.00
Additional Bond Interest	
Due July 1, 1935 .....	471,500.00
<hr/>	
Total .....	*2,391,055.00
*Plus 7% on all registered coupons.	
Cash on Hand in Bond Interest Fund .....	5,982.05

## Bond Principal Fund:

Bonds Due Jan. 1, 1934 .....	63,000.00
Bonds Due Jan. 1, 1935 .....	67,000.00

---

Total Due ..... \*130,000.00

\*Plus interest at 7% when registered.

Cash on Hand in Bond Principal Fund     1,245.01

## Refinancing:

On November 14, 1934, the Reconstruction Finance Corporation after a government appraisal of the District authorized a loan in the sum of \$8,352,785 for purposes of refinancing the District's outstanding bond obligations. This amount is sufficient to pay \$515.01 for each \$1000.00 bond.

The Merced Irrigation District Bondholders' Protective Committee, on January 7, 1935, placed the proposal before the bondholders in the form of a questionnaire and received the following replies:

Number of Questionnaires Returned	Amount
658—In favor of R. F. C. Cash Offer representing .....	\$10,431,000
141—In favor of Refunding Plan .....	1,575,000
58—No preference .....	590,000

The Committee after the heavy vote cast in favor of the Cash Plan, did February 5, 1935, adopt the Cash Plan, at that time having on deposit approximately 59% of the bonds.

Since that time additional deposits have been received, and there is now on deposit about 70% of the bonds.

Further information concerning the district will be furnished upon request.

H. P. SARGENT,

Secretary.

## MERCED IRRIGATION DISTRICT STATISTICS

As of December 31, 1934

Gross Area, Acres .....	190,125
Bonded Indebtedness .....	\$16,190,000
Irrigable Acres .....	170,000
Acres Irrigated 1934 Gravity .....	110,000
Acres Irrigated (Private Pumping Plants) .....	9,000
Miles of Canals and Laterals .....	1,200
Miles Concrete Lined Canals .....	50
Miles Drainage Ditches .....	75
Drainage Pumps and Wells .....	84
Storage Capacity Exchequer Reservoir (Lake McClure) .....	289,000 acre-feet
Source of Supply .....	Merced River
Hydro Electric Power Plant at Exchequer .....	25,000 K. W.
Assessed Valuation 1934-35 .....	\$12,158,405
Tax Rate 1934-35 (Emergency Rate), \$1.70 per \$100 of Assessed Valuation.	
Average Size of Farms .....	60 Acres

Cities and Towns: Merced (Gateway to Yosemite),  
Atwater, Livingston, Winton, Cressey, Tuttle,  
Planada and Le Grand.

Population of District ..... 20,000

Transportation: Main line Southern Pacific R. R.,  
Oakdale branch S. P. R. R., Atchison, Topeka  
& Santa Fe R. R., Yosemite Valley R. R.,  
Golden State Highway, Yosemite Highway,  
Pacheco Pass Highway to Yosemite Valley.

ANNUAL STATEMENT OF THE FINANCIAL  
CONDITION OF MERCED IRRIGATION  
DISTRICT FOR YEAR 1935.

To the Board of Directors Merced Irrigation Dis-  
trict:

Pursuant to and in accordance with Section 14a  
of the California Irrigation District Act, I submit  
herewith a statement of the financial condition of  
the Merced Irrigation District showing receipts and  
disbursements by funds for the year 1935.

H. P. SARGENT,

Secretary.

E. E. NEEL,

Auditor.

Subscribed and sworn to before me this 18th day  
of February, 1936.

[Seal] P. BERTAINA,

Notary Public in and for the County of Merced,  
State of California.

EXHIBIT "A"

STATEMENT OF INCOME AND EXPENDITURES  
FOR YEAR ENDING DECEMBER 31, 1935

RECEIPTS  
(Schedule 1)

	General Fund	Operating Reserve Fund	Refunding Reserve Fund	Bond Interest Fund	Bond Principal Fund	Total
Taxes, 1935-36 (1st Inst.) .....	\$ 187,876.63					\$ 187,876.63
Taxes, 1934-35 .....	74,567.94					74,567.94
Taxes, 1920-33 (Delinquent) .....	142,110.50					142,110.50
Other Income .....	632,409.52			48.32	12.16	632,470.00
Totals Current .....	1,036,964.59			48.32	12.16	1,037,025.07
Transfers—From General Fund .....		180,000.00	92,200.00			272,200.00
Totals .....	1,036,964.59	180,000.00	92,200.00	48.32	12.16	1,309,225.07

## LESS DISBURSEMENTS

(Schedule 2)

	General Fund	Operating Reserve Fund	Refunding Reserve Fund	Bond Interest Fund	Bond Principal Fund	Total
General Fund.....	794,323.95					794,323.95
Bond Interest Fund.....				4,612.31		4,612.31
Total Current.....	794,323.95			4,612.31		798,936.26
Transfers—To Operating Reserve	180,000.00					180,000.00
To Refunding Reserve.....	92,200.00					92,200.00
Totals.....	1,066,523.95			4,612.31		1,071,136.26

## FUND BALANCES

(Schedule 3)

	°29,559.36	180,000.00	92,200.00	†4,563.99	12.16	238,088.81
Fund Balances for Year.....						
Fund Balances, Dec. 31, 1934.....	339,086.55			5,982.05	1,245.01	346,313.61
Fund Balances, Dec. 31, 1935.....	†\$ 309,527.19	\$180,000.00	\$92,200.00	\$1,418.06	\$1,257.17	\$ 584,402.42

°Red.

†Includes \$76,448.30 Frozen Deposit in Defunct Bank.

EXHIBIT "A"—SCHEDULE 1  
ANALYSIS OF INCOME

## Taxes—

Second Installment 1934-35.....	\$ 74,567.94	
First Installment 1935-36.....	187,876.63	262,444.57
<hr/>		
Delinquent Taxes 1928-29.....	18.80	
Delinquent Taxes 1929-30.....	3,979.32	
Delinquent Taxes 1930-31.....	7,569.62	
Delinquent Taxes 1931-32.....	28,970.30	
Delinquent Taxes 1932-33.....	59,416.28	
Delinquent Taxes 1933-34.....	4,332.73	
Partial Redemptions Under Senate Bills Nos. 65 and 3.....	37,823.45	142,110.50

## Other Income—

Interest on Tax Redemptions.....	39,418.71		
Water Tolls .....	12,541.41		
Real Estate Rentals.....	24,541.47		
Sale of Electric Energy.....	551,047.22		
Interest on Bank Balances.....	3,027.54		
Tax Property Sales.....	785.28		
Misc. Equipment Rentals.....	1,108.37	632,470.00	1,037,025.07
	<hr/>	<hr/>	<hr/>

## EXHIBIT "A"—SCHEDULE 2

## ANALYSIS OF EXPENDITURES

## Capital Maintenance—

Materials and Equipment.....	\$ 19,823.96	
Land and Buildings.....	299.70	
Canal Extensions.....	\$ 1,437.21	
Canal Betterments .....	17,119.09	18,556.30
<hr/>		
Drainage Wells—New .....	4,027.74	
Drainage Wells—Betterments .....	5,629.97	9,657.71
Upper Project—Betterments .....	4,054.67	52,392.34
<hr/>		

## Maintenance and Operation—

## General Overhead—

Board of Directors.....	3,572.81	
Legal Expense .....	2,757.17	
Engineering and Superintendent .....	10,954.93	17,284.91
<hr/>		
Election Expense .....		1,135.45

## Office

General Office .....	13,594.22	
Treasurer's Office .....	1,300.30	
Assessor-Collector's Office .....	8,452.70	23,347.22
<hr/>		

## Refunds, Insurance, Etc.—

Tax Refunds .....	42.62	
Pumping Plant Refunds.....	1,656.18	
Compensation Insurance .....	3,101.17	
Casualty Insurance .....	4,325.58	
Fidelity Bonds of Employees.....	574.18	
Damage Payments .....	2,372.90	12,072.63
<hr/>		

## Irrigation Operations—

Distribution of Water.....	67,070.56	
Maintenance and Repairs.....	70,762.40	137,832.96
<hr/>		

## Drainage Operations—

Operation of Drainage Wells.....	76,950.46	
M. & O. Drain Canals and Struct. ....	2,144.28	79,094.74
<hr/>		

Powerhouse Operation .....	22,185.05		
Crocker-Huffman Contract Pay- ments .....	41,123.23		
Deeded Tax Property Expense.....	2,228.24		
Uncollectible Accounts Receivable .....	1,110.40		
Drainage Contracts—			
Principal .....	10,000.00		
Interest .....	1,688.60	11,688.60	349,103.43
Total .....			401,495.77
Less—Depreciation on Equipment .....	13,777.66		
Accounts Receivable .....	5,963.69		19,741.35
Total Maintenance and Operation.....			381,754.42
Refinancing Expense—			
First Refunding Plan for Period April 1931 to Dec. 1933.....	94,240.20		
R. F. C. Cash Plan for Period June 1933 to Dec. 1935.....	78,488.35		
Interest on Bonds Deposited.....	239,838.98		412,569.53
Total General Fund.....			794,323.95
Bond Interest Coupons.....	4,260.00		
Interest on Registered Coupons.....	352.31		4,612.31
Total Expenditures .....			798,936.26

# EXHIBIT "A"—SCHEDULE 3 RECONCILIATION WITH TREASURER

December 31, 1935

	Treasurer's Balances	Plus Collector's Funds	Less Outstanding Warrants	Fund Balances
General Fund.....	\$262,323.28	\$54,901.03	\$13,197.12	\$304,327.19
Operating Reserve Fund.....	180,000.00			180,000.00
Refunding Reserve Fund.....	92,200.00			92,200.00
Bond Interest Fund.....	1,418.06			1,418.06
Bond Principal Fund.....	1,257.17			1,257.17
Totals.....	537,498.51	54,901.03	13,197.12	579,202.42
Plus—Auditor's Fund Payroll Account.....				5,000.00
Petty Cash Advance.....				200.00
Total Funds.....				584,402.42

[708]

## COMMENTS ON STATEMENT

The major items of income were \$142,110.50 of delinquent taxes, plus income from Power Plant of \$551,047.22, rental from District lands \$24,541, and interest on tax redemptions \$39,418.71.

The General Fund balance of \$309,527.19 includes \$187,876.63 of first installment of 1935-36 tax, and a frozen deposit item in defunct bank of \$76,448.30. Under agreement with the Reconstruction Finance Corporation, an Operating Reserve Fund of \$180,000 and a Refunding Reserve Fund of \$92,200 was set up, out of monies on hand.

The item of interest on bonds amounting to \$239,838.98 was interest paid to depositing bondholders from date of deposit as provided in the Cash Offer Plan, and interest to the Reconstruction Finance Corporation after disbursement was made of \$7,487,502.11 to purchase District's Old Securities in principal sum of \$14,540,000.

Refinancing costs amounting to \$94,240.20 covered a period from April 1931 to December 1933, and the further sum of \$78,488.35 covers costs of refinancing under the Cash Offer Plan, including collection of bonds, and legal costs in the Federal Bankruptcy Court.

Total costs of Operation and Maintenance of the District amounts to \$381,754.42. Included in these figures was the sum of \$41,123.23 paid on refunds on Crocker-Huffman Contracts, plus \$11,688.60 on contractual obligations with Merced County for

drainage district bonds, which includes principal and interest. Maintenance and Operation of Power Plant at Exchequer \$22,185.05. Distribution of water \$137,832.96. Drainage operations \$79,094.74.

There was expended for permanent improvements \$52,392.34. Included in this item are two new drainage wells and betterments to others at a cost of \$9,657.71. Betterments to canals including lining of canals with concrete \$18,556.30; betterments to upper project \$4,054.67.

#### Refinancing:

The Merced Irrigation District has been in default in payment of interest and principal on the original bond issue of \$16,250,000 since the year 1931. The Bondholders' Protective Committee and the District were not able to complete any refinancing plan during the period 1931 to 1935. With the consent of the Bondholders' Protective Committee the District applied to the Reconstruction Finance Corporation for a loan for purposes of refinancing in November of 1934. The Reconstruction Finance Corporation authorized a loan to the District of \$8,600,000 and agreed to purchase the Old Securities of the District from the holders for \$515.01 on each \$1,000 bond. The California Districts Securities Commission approved and authorized the refinancing plan with the Reconstruction Finance Corporation on the 15th day of February, 1935, and since that time said District has been operating thereunder. Up to December 31, 1935, 90% of the bond-

holders had made deposit of their bonds and sold them to the Reconstruction Finance Corporation in accordance with the above offer.

During the past three years it has been necessary for the District to operate under provisions of Section 11 of the California Districts Securities Commission, which was emergency legislature providing when districts were in default in excess of 20% of their obligations, an emergency tax rate would be fixed within the ability of the lands to pay and the moneys raised from said levies to be used for the operation of the district.

In April, 1935, the District filed its petition in the Federal Bankruptcy Court praying for a judgment of said Court declaring said plan of refinancing to be a fair and equitable plan. On February 14, 1936, Federal Judge George Cosgrave of the Northern Division of the Southern District rendered a judgment declaring the plan a fair and equitable plan and bringing all opposition bondholders thereunder.

## MERCED IRRIGATION DISTRICT STATISTICS

As of December 31, 1935

Gross Area, Acres .....	190,125
Irrigable Acres .....	170,000
Acres Irrigated 1935 Gravity .....	90,000
Acres Irrigated	
(Private Pumping Plants) .....	9,000
Miles of Canals and Laterals .....	1,200

Miles Concrete Lined Canals .....	55
Miles Drainage Ditches .....	75
Drainage Pumps and Wells .....	86
Storage Capacity Exchequer Reservoir (Lake McClure) .....	289,000 acre-feet
Source of Supply .....	Merced River
Hydro Electric Power Plant at Exchequer .....	25,000 K. W.
Assessed Valuation 1935-36 .....	\$12,078,870
Tax Rate 1935-36 (Emergency Rate), \$3.00 per \$100 of Assessed Valuation.	
Average Size of Farms .....	60 Acres
Cities and Towns: Merced (Gateway to Yosemite), Atwater, Livingston, Winton, Cressey, Tuttle, Planada and Le Grand.	
Population of District .....	20,000
Transportation: Main line Southern Pacific R. R., Oakdale branch S. P. R. R., Atchison, Topeka & Santa Fe R. R., Yosemite Valley R. R., Golden State Highway, Yosemite Highway, Pacheco Pass Highway to Yosemite Valley.	

ANNUAL STATEMENT OF THE FINANCIAL  
CONDITION OF MERCED IRRIGATION  
DISTRICT FOR YEAR 1936

To the Board of Directors Merced Irrigation District:

Pursuant to and in accordance with Section 14a of the California Irrigation District Act, I submit herewith a statement of the financial condition of the Merced Irrigation District showing receipts and disbursements by Funds for the year 1936.

H. P. SARGENT,

Secretary.

E. E. NEEL,

Auditor.

Subscribed and sworn to before me this 27th day of April, 1936.

[Seal] P. BERTAINA,

Notary Public in and for the County of Merced,  
State of California.

EXHIBIT "A"  
STATEMENT OF INCOME EXPENDITURES  
AND FUND BALANCES  
AS OF DECEMBER 31, 1936

	Receipts (Schedule "A")	Expenditures (Schedule "B")	Fund Transfers	Fund Balances (Schedule "C")	
				Year 1936	Dec. 31, 1935
General Fund—					Dec. 31, 1936
Current Operative.....	\$ 716,811.74	\$470,322.23	*\$92,200.00	\$154,289.51	†\$ 463,816.70
Operation Reserve.....	1,324.56			1,324.56	181,324.56
Bond Interest Fund—.....	6.61	1,485.20	63.48	* 1,415.11	1,418.06
Bond Principal Fund—.....	6.31		*	63.48	2.95
Second Refunding					1,200.00
Bond Interest Fund.....	475,248.06	301,466.19		173,781.87	
Second Refunding					
Reserve Fund.....	678.50		92,200.00	92,878.50	185,078.50
Totals.....	\$1,194,075.78	\$773,273.62		\$420,802.16	\$1,005,204.58

\*Red.

†Includes \$76,448.30 Frozen Deposit in Defunct Bank

## ANALYSIS OF INCOME

(Schedule "A")

## Taxes—

Second Installment 1935-36.....	\$129,868.89	
First Installment 1936-37.....	199,707.93	\$329,576.82

Delinquent Taxes 1929-30.....	1,319.40
Delinquent Taxes 1930-31.....	9,861.16
Delinquent Taxes 1931-32.....	39,418.88
Delinquent Taxes 1932-33.....	80,238.03
Delinquent Taxes 1933-34.....	4,602.43
Delinquent Taxes 1934-35.....	4,587.30

## Partial Redemptions under

Senate Bills Nos. 65 and 3.....	15,418.05	155,445.25
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## Other Income—

Interest on Tax Redemptions.....	39,323.31	
Water Tolls .....	16,765.66	
Real Estate Rentals.....	45,820.93	
Sale of Electric Energy.....	584,429.64	
Interest on Bank Balances.....	5,351.70	
Tax Property Sales.....	16,599.22	
Misc. Equipment Rentals.....	763.25	709,053.71

Total .....		\$1,194,075.78
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## ANALYSIS OF EXPENDITURES

(Schedule "B")

## Capital Maintenance—

Materials and Equipment.....	\$ 15,723.50	
Land and Buildings.....	1,071.20	
Canal Extensions .....	\$ 3,346.20	
Canal Betterments .....	43,636.78	46,982.98

Drainage Wells—New .....	5,827.92	
Drainage Wells—Betterments .....	9,129.82	14,957.74

Drainage Canals—New .....	247.38		
Upper Projects—Betterments .....	1,205.05	\$	80,187.85
<hr/>			
Maintenance and Operation—			
General Overhead—			
Board of Directors.....	3,361.58		
Legal Expense .....	4,923.27		
Engineering and			
Superintendence .....	14,005.40	22,290.25	
<hr/>			
Office—			
General Office .....	13,604.01		
Treasurer's Office .....	1,285.45		
Assessor-Collector's Office .....	7,937.85	22,827.31	
<hr/>			
Refunds, Insurance, Etc.—			
Tax Refunds .....	1.50		
Pumping Plant Refunds.....	317.80		
Compensation Insurance .....	4,763.40		
Casualty Insurance.....	5,253.41		
Fidelity Bonds of Employees.....	450.00		
Damage Payments .....	68.64	10,854.75	
<hr/>			
Irrigation Operations—			
Distribution of Water.....	65,174.60		
Maintenance and Repairs.....	86,800.09	151,974.69	
<hr/>			
Drainage Operations—			
Operation of Drainage Wells.....	87,899.44		
M. & O. Drain Canals and			
Structures .....	10,223.56	98,123.00	
<hr/>			
Powerhouse Operation .....		20,768.18	
C-H Contract Payments.....		35,798.38	
Deeded Tax Property Expense..		3,933.69	
Drainage Contracts—			
Principal .....	11,200.00		
Interest .....	1,287.10	12,487.10	379,057.35
<hr/>			
Total.....			\$459,245.20

Less—Depreciation on Equip- ment .....	12,560.35	
Accounts Receivable .....	108.82	12,669.17
	<hr/>	<hr/>
Total Maintenance & Operation Plus—Refinancing Expense— Legal Opinion on Second Re- Funding Bond Issue, Fees and Expenses in Bankruptcy Court		446,576.03
		<hr/>
Total General Fund.....		470,322.23
Interest on Reconstruction Fi- nance Corporation Loan per Agreement .....		301,466.19
Bond Interest Coupons Regis- tered (Old Issue).....	1,417.50	
Interest on Registered Coupons	67.70	1,485.20
	<hr/>	<hr/>
Total Expenditures .....		\$773,273.62

## RECONCILIATION WITH TREASURER

December 31, 1936

(Schedule "C")

	Treasurer's Balances	Less Outstanding Warrants	Fund Balances
General Fund—			
Current Operative .....	\$ 479,552.90	\$ 20,936.20	\$ 458,616.70
Operation Reserve .....	181,324.56		181,324.56
Bond Interest Fund .....	2.95		2.95
Bond Principal Fund .....	1,200.00		1,200.00
Second Refunding Bond Interest Fund .....	173,781.87		173,781.87
Second Refunding Reserve Fund .....	185,078.50		185,078.50
Totals .....	\$1,020,940.78	\$ 20,936.20	1,000,004.58
Plus—*Auditor's Fund Payroll Account .....			\$ 5,000.00
*Petty Cash Advance .....			200.00
Total Funds .....			\$1,005,204.58

\*General Fund Operative.

[709]

MERCED IRRIGATION DISTRICT  
STATISTICS

As of December 31, 1936

Gross Area, Acres .....	190,125
Irrigable Acres .....	170,000
Acres Irrigated 1936 Gravity .....	103,000
Acres Irrigated (Private Pumping Plants) .....	9,000
Miles of Canals and Laterals .....	1,200
Miles Concrete Lined Canals .....	63
Miles Drainage Ditches .....	75
Drainage Pumps and Wells .....	86
Storage Capacity Exchequer Reservoir (Lake McClure) .....	289,000 acre-feet
Source of Supply .....	Merced River
Hydro Electric Power Plant at Exchequer .....	25,000 K. W.
Assessed Valuation 1936-37 .....	\$11,420,790
Tax Rate 1936-37 (Emergency Rate), \$3.00 per \$100 of Assessed Valuation.	
Average Size of Farms .....	60 Acres
Cities and Towns: Merced (Gateway to Yosemite), Atwater, Livingston, Winton, Cressey, Tuttle, Planada and Le Grand.	
Population of District .....	20,000
Transportation: Main line Southern Pacific R. R., Oakdale branch S. P. R. R., Atchison, Topeka & Santa Fe R. R., Yosemite Valley R. R., Golden State Highway, Yosemite Highway, Pacheco Pass Highway to Yosemite Valley.	

ANNUAL STATEMENT OF THE FINANCIAL  
CONDITION OF MERCED IRRIGATION  
DISTRICT FOR YEAR 1937

To the Board of Directors Merced Irrigation District:

Pursuant to and in accordance with Section 14a of the California Irrigation District Act, I submit herewith a statement of the financial condition of the Merced Irrigation District showing receipts and disbursements by Funds for the year 1937.

H. P. SARGENT,

Secretary.

E. E. NEEL,

Auditor.

Subscribed and sworn to before me this 15th day of February, 1938.

[Seal] P. BERTAINA,

Notary Public in and for the County of Merced,  
State of California.

**EXHIBIT "A"**  
**STATEMENT OF INCOME AND EXPENDITURES**  
**AND FUND BALANCES**  
**FOR YEAR ENDING DECEMBER 31, 1937**

Receipts (Schedule 1)	General Fund	Bond Interest Fund	Bond Principal Fund	Refunding Bond Int. Fund	Refunding Reserve Fund	Total All Funds
Taxes, 1937-38 1st Inst.....	\$200,918.88	\$	\$	\$		\$ 200,918.88
Taxes, 1936-37 Current.....	123,704.27					123,704.27
Taxes, 1928-35 Delinquent.....	98,511.10			475,000.00		98,511.10
Sale of Electric Energy.....	127,008.94					602,008.94
Other Income .....	109,250.40	1.44	5.41	1,009.36	1,843.92	112,200.53
Total Receipts .....	659,393.59	1.44	5.41	476,099.36	1,843.92	1,137,343.72
Transfer from General Fund					92,200.00	92,200.00
Total Receipts & Transfer	659,393.59	1.44	5.41	476,099.36	94,043.92	1,229,543.72

Less Disbursements (Schedule 2)	General Fund	Bond Interest Fund	Bond Principal Fund	Refunding Bond Int. Fund	Refunding Reserve Fund	Total All Funds
General Fund .....	704,096.40					704,096.40
Interest, R. F. C. Agreement				301,953.89		301,953.89
Total Disbursements .....	704,096.40			301,953.89		1,006,050.29
Transfer to Ref. Reserve Fund .....	92,200.00					92,200.00
Total Disb. & Transfer .....	796,296.40			301,953.89		1,098,250.29
Fund Balances						
Year 1937 .....	°136,902.81	1.44	5.41	174,145.47	94,043.92	131,293.43
Dec. 31, 1936 .....	645,141.26	2.95	1,200.00	173,781.87	185,078.50	1,005,204.58
Dec. 31, 1937 .....	*508,238.45	4.39	1,205.41	347,927.34	279,122.42	1,136,498.01

° Red

\* Includes \$183,142.57 Operation Reserves

## ANALYSIS OF INCOME

(Schedule "A")

## Taxes—

First Installment 1937-38.....	\$200,918.88	
Second Installment 1936-37	123,704.27	\$324,623.15

Delinquent Taxes 1928-29...	324.06	
Delinquent Taxes 1929-30...	2,241.60	
Delinquent Taxes 1930-31...	9,969.02	
Delinquent Taxes 1931-32...	32,922.63	
Delinquent Taxes 1932-33...	46,372.85	
Delinquent Taxes 1933-34...	4,125.26	
Delinquent Taxes 1934-35...	2,529.17	
Delinquent Taxes 1935-36...	6,220.29	
Partial Redemptions under Senate Bills No.'s 65, 3 & 193 .....	6,193.78	98,511.10

## Other Income—

Interest on Tax Redemp- tions .....	21,076.52	
Water Tolls .....	16,048.60	
Real Estate Rentals.....	44,051.12	
Sale of Electric Energy.....	602,008.94	
Interest on Bank Balances...	8,298.09	
Tax Property Sales.....	22,418.60	
Inclusion Fee .....	170.85	
Misc. Equipment Rentals....	136.75	714,209.47

Total Income .....		\$1,137,342.72
--------------------	--	----------------

° Red

## ANALYSIS OF EXPENDITURES

(Schedule "B")

## Capital Maintenance—

Materials & Equipment.....		\$ 20,014.49
Lands & Buildings.....		682.49
Canal Extensions .....	3,878.48	
Canal Betterments .....	79,938.09	83,816.57

Drainage Wells—New .....	2,423.47		
Drainage Wells—Better- ments .....	4,676.53	7,100.00	
<hr/>			
Upper Project—Better- ments .....	506.88		
Reservoir Lands, (Judg- ment) .....	3,275.00	3,781.88	\$ 115,395.43
<hr/>			
Maintenance and Operation— General Overhead—			
Board of Directors.....	3,254.88		
Legal Expense .....	3,280.09		
Engineering & Superin- tendence .....	18,864.41	25,399.38	
<hr/>			
Refinancing Expense .....		16,928.90	
Office—			
General Office .....	14,795.54		
Treasurer's Office .....	1,271.50		
Assessor-Collector's office.....	7,696.12	23,763.16	
<hr/>			
Refunds, Insurance, etc.—			
Tax Refunds .....			
Pumping Plant Refunds			
Compensation Insurance.....	4,431.11		
Casualty Insurance .....	11,225.58		
Fidelity Bonds of Em- ployees .....	450.00		
Damage Payments .....	450.25	16,556.94	
<hr/>			
Irrigation Operations—			
Distribution of Water.....	72,837.82		
Maintenance & Repairs.....	96,137.95	168,975.77	
<hr/>			
Drainage Operations—			
Operation of Drainage Wells .....	90,028.19		
M. & O. Canals & Struc- tures .....	21,949.88	111,523.07	
<hr/>			

Powerhouse Operation .....	21,045.54		
Crocker-Huffman Contract			
Payments			
Payments due Year 1937.....	52,580.41		
Payments due prior Year			
1937 .....	72,430.79	125,011.20	
Deeded Tax Property Expense		5,567.98	
Drainage Contracts—			
Principal .....	10,600.00		
Interest .....	651.57	11,251.67	526,023.61
Total .....			641,419.04
Less—Depreciation on			
Equipment .....		12,891.57	
Accounts Receivable..		844.46	12,047.11
Total Maintenance &			
Operation .....			629,371.93
Plus—Loss (Defunct)			
Farmers & Merchants			
Bank .....			74,724.47
Total General Fund.....			704,096.40
Interest Account Recon-			
struction Finance Corp.			
Agreement .....			301,953.89
Total Expenditures and			
Loss .....			\$1,006,059.29

[710]

## MERCED IRRIGATION DISTRICT STATISTICS

As of December 31, 1937

Gross Area, Acres .....	190,125
Irrigable Acres .....	170,000
Acres Irrigated, 1937 Gravity .....	90,135
Acres Irrigated	
(Private Pumping Plants) .....	9,000
Miles of Canals and Laterals .....	1,200
Miles Concrete Lined Canals .....	72
Miles Drainage Ditches .....	75
Drainage Pumps and Wells .....	87
Storage Capacity Exchequer Reservoir	
(Lake McClure) .....	283,000 Acre-Feet
Source of Supply .....	Merced River
Hydro Electric Power Plant	
at Exchequer .....	25,000 K. W.
Assessed Valuation 1937-38 .....	\$11,468,155
Tax Rate 1937-38 (Emergency Rate), \$3.00 per \$100 of Assessed Valuation.	
Average Size of Farms .....	60 Acres
Cities and Towns: Merced (Gateway to Yosemite), Atwater, Livingston, Winton, Cressey, Tuttle, Planada and Le Grand.	
Population of District .....	21,000
Transportation: Main line Southern Pacific R. R., Oakdale branch S. P. R. R., Atchison, Topeka & Santa Fe R. R., Yosemite Valley R. R., Golden State Highway, Yosemite Highway, Pacheco Pass Highway to Yosemite Valley.	

# RESPONDENTS' EXHIBIT "Y"

was a list of amounts of bonds held or represented by members of the Committee, as follows:

Stevenot	\$3,085,000.		
Fullerton	25,000.		
Etienne	100,000.		
Gillett	5,000.		
Elworthy	?		
Huntley	?		
Hubbard	20,000.		
Borland	48,000.	?	
Bates	48,000.	?	
Bekins, Milo	?	\$25,000.	} Estates \$216,000.
Bekins, Reed	?	4,000.	
Irvine	97,000.		
Crothers	9,000.		

[711]

# RESPONDENTS' EXHIBIT "Z"

This exhibit was Balance Sheet of the District as of November 1, 1938, as follows: [712]

## Balance Sheet #1

Merced Irrigation District

## PRO-FORMA BALANCE SHEET

Period Ending November 1st, 1938

Showing financial condition of the Merced Irrigation District assuming assets on District Balance Sheet to be correct, and assuming all old bonds deposited are owned by Reconstruction Finance Corp.

## Assets:

## Current

Treasurer's Cash .....	\$ 1,578,446.14
Secty. Revolving Funds.....	5,200.00
Tax Sale Certificates.....	206,096.93
Sundry Debtors .....	39,364.99
<hr/>	
Total Current Assets.....	1,829,108.06
Capital Assets:	
General Properties .....	19,260,927.54
General Equipment .....	98,204.49
<hr/>	
Total Capital Assets.....	19,359,132.03
Less Depreciation .....	709,338.83
<hr/>	
Net Capital Assets.....	18,649,793.20
Total Assets .....	20,478,901.26

## Current Liabilities:

Warrants Payable—Outstanding .....	13,810.93
Unpaid Matured Bond Int. Coupons.....	5,076,185.00
Less interest paid R. F. C. at 4%.....	824,684.00
<hr/>	
Less interest paid depositing bond- holders at 4%.....	168,582.26
<hr/>	
Unpaid Matured Bonds.....	387,000.00

Accrued Int. on Reg. Bonds and Coupons	1,004,887.54	
Less credit for accrued interest on portions of coupons which would have been paid by interest payments to depositing bondholders and R. F. C.....	129,100.00	875,787.54
Drainage District Contracts.....		8,739.00
Balance 1938 Budget Operations (Est.)		80,000.00
Total Current Liabilities.....		5,448,256.47
Capital Liabilities:		
Principal amount of Bonds Unpaid.....	16,191,000.00	
Less unpaid matured bonds.....	387,000.00	15,804,000.00
Capital Surplus—Deficit .....		d.773,355.21
Total Liabilities and Capital.....		20,478,901.26

[Endorsed]: Respondents' Exhibit Z. Filed Nov. 25, 1938. [713]

## RESPONDENTS' EXHIBIT NO. "AA"

This exhibit was Balance Sheet of the District as of November 1, 1938, as follows: [714]

### BALANCE SHEET #6

#### Merced Irrigation District

Assuming November 1st, 1938 balance Sheet showing total liabilities and assuming old bonds held by Reconstruction Finance Corp. to be cancelled or owned by the District, and showing existing assets,

#### Current Assets

Treasurer's Cash .....	\$ 1,578,446.14
Secty. Revolving Funds.....	5,200.00
Tax Sale Certificates.....	206,096.93
Sundry Debtors .....	39,364.99
Total Current Assets.....	1,829,108.06

## Capital Assets:

General Properties .....	19,260,927.54
General Equipment .....	98,204.49
<hr/>	
Total Capital Assets.....	19,359,132.03
Less Depreciation .....	709,338.83
<hr/>	
Net Capital Assets.....	18,649,793.20
Total Assets .....	20,478,901.26

## Current Liabilities:

Warrants Payable—Outstanding .....	13,810.93
District Contracts Drainage.....	8,739.00
Balance 1938 Budget Operations (Est.).....	80,000.00
<hr/>	
Total Current Liabilities.....	102,549.93

## Capital Liabilities:

Principal Amount RFC lien.....	7,570,871.60
Principal amount non deposited outstanding bonds .....	1,488,000.00
Unpaid coupons on non deposited bonds.....	995,000.00
<hr/>	
Accrued interest on non deposited bonds.....	78,927.11
<hr/>	
Capital Surplus .....	10,743,552.62
Total Liabilities and Capital.....	20,478,901.26
<hr/>	

[Endorsed]: Respondents' Exhibit AA. Filed  
Nov. 25, 1938. [715]

## RESPONDENTS' EXHIBIT NO. BB

## Market Quotation Chart

This exhibit consisted of a market quotation chart issued by Elworthy and Company, investment securities, San Francisco. Under their sheet issued by their Trading Department was listed the item "5M

Merced Union High School District 5%, 7/1/36, 1.10% ". This trading list was dated February 5, 1935, and the Merced School Bonds were listed under the heading of Short Term.

Under the heading of irrigation and reclamation district Merced bonds were quoted bid 56 flat. [716]

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### RESPONDENTS' EXHIBIT NO. "CC"

This exhibit was Balance Sheet of the District as of November 1, 1938, as follows: [717]

#### BALANCE SHEET #5

Merced Irrigation District

#### PRO-FORMA BALANCE SHEET

Period Ending November 1, 1938

Balance sheet assuming existing assets and assuming Reconstruction Finance Corp. holds as owner at par and that a refunding plan could now be adopted for refunding at par flat

#### Current Assets:

Treasurer's Cash .....	1,578,446.14
Secy. Revolving Funds.....	5,200.00
Tax Sale Certificates.....	206,096.93
Sundry Debtors .....	39,364.99

---

Total Current Assets.....	1,829,108.06
---------------------------	--------------

#### Capital Assets:

General Properties .....	19,260,927.54
General Equipment .....	98,204.49

---

Total Capital Assets.....	19,359,132.03
---------------------------	---------------

Less Depreciation .....	709,338.83
-------------------------	------------

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Total Assets .....	20,478,901.26
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## Current Liabilities:

Warrants Payable—Outstanding .....	13,810.93
<del>Unpaid Matured Bonds.....</del>	<del>337,000.00</del>
Drainage District Contracts.....	8,739.00
Balance 1938 Budget Operations (Est).....	80,000.00
	<hr/>
	102,549.93
Total Current Liabilities.....	489,549.93

## Capital Liabilities:

Outstanding bonds .....	** <del>20,478,901.26</del>	16,191,000.00
<del>Total Capital Liabilities</del>		
<del>from Total Assets** .....</del>	<del>16,201,549.93</del>	
Capital Surplus—would be.....		4,183,351.33
		<hr/>
Total Capital and Liabilities.....		20,478,901.26

[Endorsed]: Respondents' Exhibit CC. Filed  
Nov. 25, 1938. [718]

### RESPONDENTS' EXHIBIT "DD"

This exhibit consisted of a Study of Operation of Exchequer Power Plant, 1902-1935, and is a report of Carl A. Heinze, reading as follows: [719]

Carl A. Heinze  
Consulting Electrical Engineer  
14th Floor Continental Building  
408 South Spring Street  
Los Angeles  
Mutual 5757

## Purpose:

This study has been made of the Merced Irrigation District for the purpose of showing what the results would have been of the operation of the Exchequer Power Plant had the District been

formed and the dam and powerhouse been completed during the year 1901. This would have enabled the District to start the storage of water in the reservoir at the beginning of the year 1902.

Basis:

This study is based on the premise, that the reservoir was empty and the equipment in the powerhouse, at the Exchequer Dam, was installed and ready to operate as of January 1st, 1902. Also, it is assumed that the present existing contract between the Merced Irrigation District and the San Joaquin Light & Power Corporation for the sale of energy generated at the power house was in effect at that time and that the terms of the contract were identical to present conditions. The controlling demands of the water users below the reservoir were considered to take precedence over the requirements of water for power generation. The irrigating season was taken as the period March to October inclusive. The maximum flow for power generation was taken at 1600 cubic feet per second. The maximum load on the plant based on the terms of the contract with the San Joaquin Light & Power Corporation was taken at 31250 kilowatts at eighty (80) percent daily load factor.

This factor, or ratio of kilowatt hours generated to the number of acre feet of water passing through the plant was obtained from an analysis made of the District's actual operating results for their entire history. This factor was based on the average height of water in the reservoir during the month.

This is all shown graphically on Chart E-16. The maximum capacity of the reservoir was taken as 289,000 acre feet. [720]

The water storage in the reservoir was kept, as far as practical, above forty thousand acre feet for the benefit of power generation. A number of dry seasons, however, made this, at times, impossible.

#### Sources:

All stream flow were taken from, United States Geological Survey, Water Supply papers for the years from 1902 to 1935, inclusive, with the exception of the period from December, 1913, to November, 1915, inclusive. For this period assumptions were made based upon Bulletin #5 of the Division of Engineering and Irrigation of the State of California, as shown in Table #87 on page 232. The general summary, however, shows average values for the entire period, with and without, the flow in these two years. It was found that gauging stations were moved during the period studied but in every case new gauging stations were selected having approximately the same drainage area.

#### Use:

The study was started on January 1st, 1902, with the reservoir empty. The available water supply was then obtained from the appropriate government record for the month of January, 1902, and allowed to store in the reservoir giving a total water storage at the end of the month. As no power generation took place, this storage was carried over to the

month of February and together with the available water supply for February gave a total at the end of the month which again, on account of no power generation, was carried over into the month of March. The available water supply then, for the month of March, was taken and added to the storage on hand at the beginning of the month and power generation commenced. The draft through the power plant was then subtracted from the total of water available and the balance of water remaining in the reservoir carried over to the next month. From the average water in storage during the month the average elevation of the water in the reservoir was determined from the capacity curve of the reservoir, shown on drawing C-3. With the average elevation of water obtained, the factor, or ratio of kilowatt hours to acre feet, was [721] then determined for that elevation. The draft through the power house was then multiplied by this factor and the total kilowatt hours output for the month determined.

This process continued month by month thereafter for the entire period from 1902 to 1926 inclusive. The number of kilowatt hours for the year thus obtained was multiplied by \$ .0045 to obtain the gross annual revenue.

The operating expenses of the power plant were taken as \$21,500.00, representing the seven year average taken from the District's records. Depreciation on the entire investment in power plant

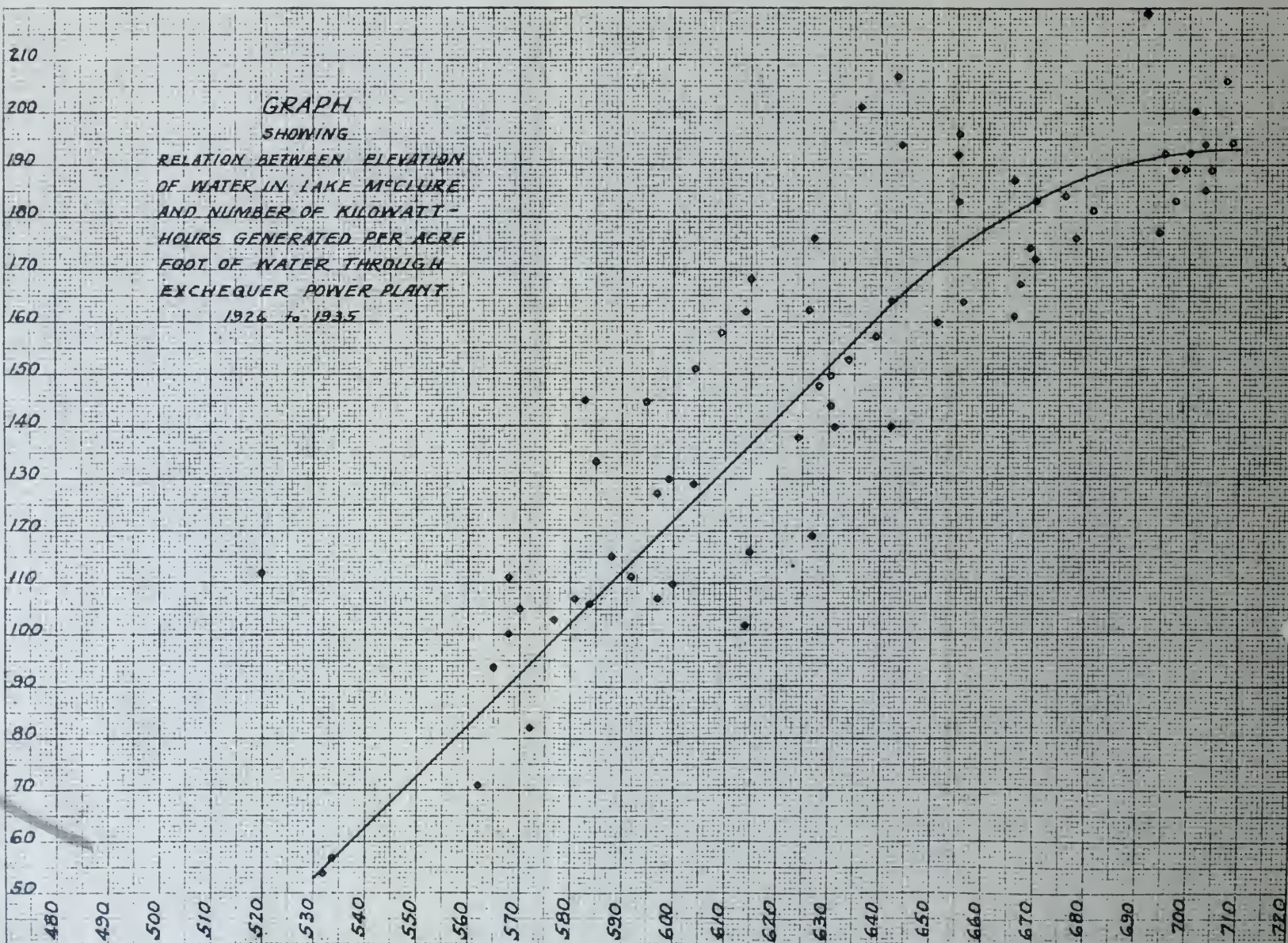
buildings, equipment and appurtenant structures exclusive of the reservoir and dam, was computed on both straight line method, as actually used and set up by the District, and on the five percent sinking fund method, with lives as used by the California Railroad Commission.

This study shows that for the period 1902 to 1935 inclusive, using estimated figures for 1902 to 1926 inclusive, and actual figures for 1927 to 1935 inclusive, that the average gross income was approximately \$500,000.00, and the net income approximately \$450,000.00.

February 10th, 1936. [722]

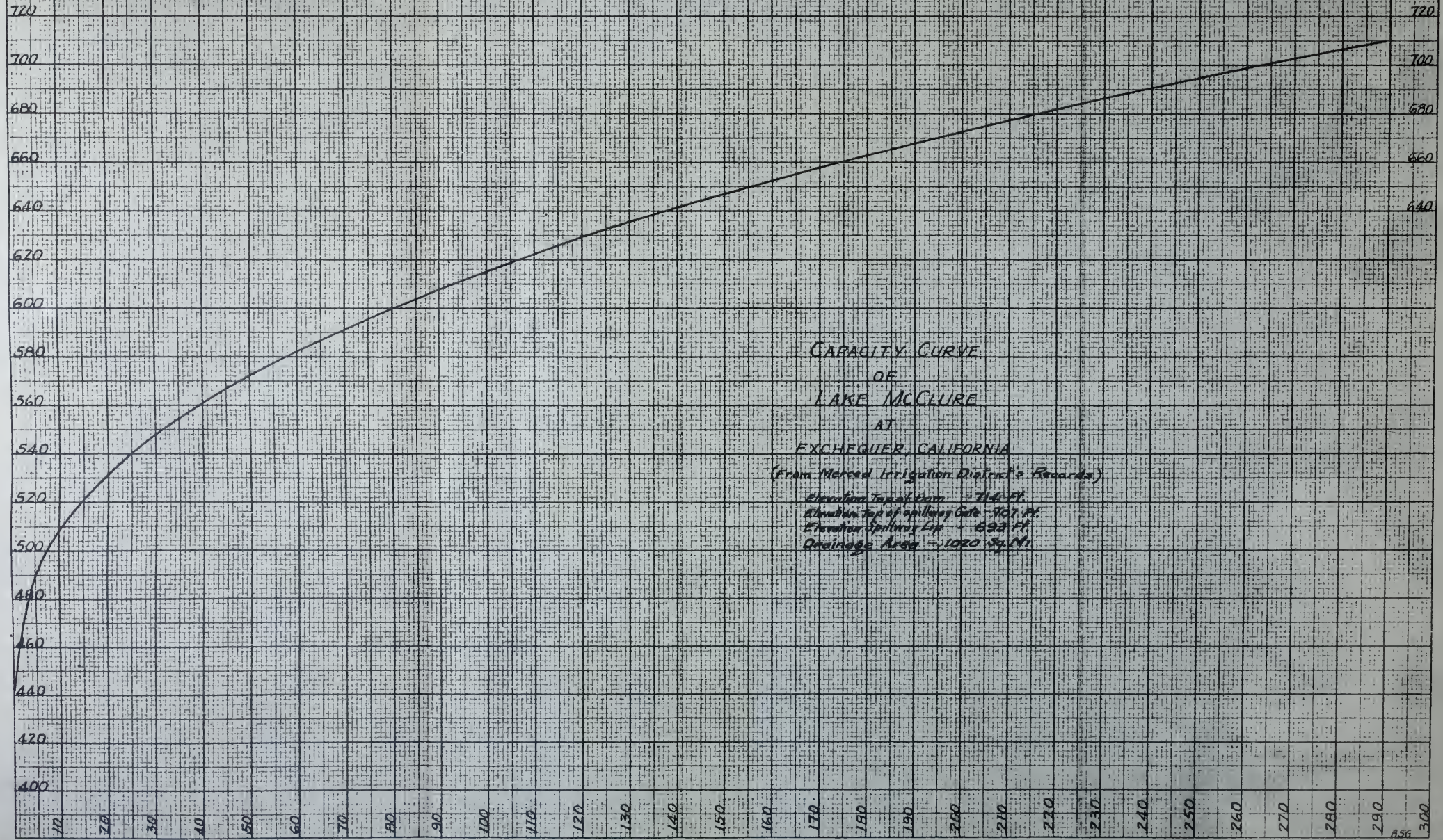
GRAPH  
SHOWING  
RELATION BETWEEN ELEVATION  
OF WATER IN LAKE MCCLURE  
AND NUMBER OF KILOWATT-  
HOURS GENERATED PER ACRE  
FOOT OF WATER THROUGH  
EXCHEQUER POWER PLANT  
1924 to 1935

KILOWATT-HOURS GENERATED PER ACRE FOOT OF WATER



ELEVATION OF WATER SURFACE IN RESERVOIR - (Feet above Sea Level) CHART NO. E-16

ELEVATION OF WATER SURFACE - (Feet above Sea Level)



CAPACITY CURVE  
OF  
LAKE MCCLURE  
AT  
EXCHEQUER, CALIFORNIA  
(From Merced Irrigation District's Records)  
Elevation Top of Dam 714 Ft.  
Elevation Top of Spillway Gate 707 Ft.  
Elevation Spillway Lip 693 Ft.  
Drainage Area - 1920 Sq. Mi.



SUMMARY  
OF  
ESTIMATED AND ACTUAL GROSS REVENUE  
OPERATING EXPENSES AND NET INCOME  
OF

MERCED IRRIGATION DISTRICT  
FOR YEARS 1902 TO 1935

Straight Line Depreciation  
(District's Method)  
exclusive of Dam & Intake

*vs. Merced Irr. Dist., et al.*

897

Year	Gross Revenue	Expense		Net Income
		Oper- ating	Depre- ciation	
1902	\$476,618	21,500	22,854	432,264
1903	598,170	21,500	22,854	553,816
1904	657,393	21,500	22,854	613,039
1905	482,955	21,500	22,854	438,601
1906	761,976	21,500	22,854	717,622
1907	755,240	21,500	22,854	710,886
1908	245,725	21,500	22,854	201,371
1909	815,087	21,500	22,854	770,733
1910	594,922	21,500	22,854	550,568
1911	796,407	21,500	22,854	752,053
1912	297,510	21,500	22,854	253,156
1913	218,279	21,500	22,854	173,925
1914*	610,623	21,500	22,854	566,269
1915*	583,569	21,500	22,854	539,215
1916	742,600	21,500	22,854	698,246
1917	615,776	21,500	22,854	571,422

Year	Gross Revenue	Expense		Net Income
		Oper-	Depre- ciation	
1918	544,377	21,500	22,854	500,023
1919	413,859	21,500	22,854	369,505
1920	480,443	21,500	22,854	436,089
1921	560,841	21,500	22,854	516,487
1922	671,382	21,500	22,854	627,028
1923	566,433	21,500	22,854	522,079
1924	138,905	21,500	22,854	94,551
1925	562,451	21,500	22,854	518,097
1926	400,294	21,500	22,854	355,940
1927	569,650	26,406	22,854	520,390
1928	485,757	25,302	22,854	437,601
1929	296,412	23,837	22,854	249,721
1930	308,931	22,000	22,854	264,077
1931	95,917	17,378	22,854	55,685
1932	605,630	20,947	22,854	561,829
1933	316,924	19,221	22,854	274,849
1934	191,936	15,989	22,854	153,093
1935	551,114	22,185	22,854	506,075
Total 34 yrs.....	\$17,014,106	\$730,765	\$777,036	\$15,506,305
Average 34 yrs.....	500,415	21,493	22,854	456,068
Total 32 yrs.....	15,819,914	687,765	731,328	14,400,821
Average 32 yrs.....	494,372	21,493	22,854	450,026

\*Available water supply estimated during 1914 and 1915

32 year total and average exclude years 1914 and 1915 during which no stream flow measurements are available.

SUMMARY  
OF  
ESTIMATED AND ACTUAL GROSS INCOME  
OPERATING EXPENSES AND NET INCOME  
OF

MERCED IRRIGATION DISTRICT  
FOR YEARS 1902 TO 1935

5% Sinking Fund Method  
exclusive of Dam & Intake

Year	Revenue Gross	Expense		Net Income
		Oper- ating	Depre- ciation	Total Expense
1902	476,618	21,500	10,990	32,490
1903	598,170	21,500	10,990	32,490
1904	657,393	21,500	10,990	32,490
1905	482,955	21,500	10,990	32,490
1906	761,976	21,500	10,990	32,490
1907	755,240	21,500	10,990	32,490
1908	245,725	21,500	10,990	32,490
1909	815,087	21,500	10,990	32,490
1910	594,922	21,500	10,990	32,490
1911	796,407	21,500	10,990	32,490
1912	297,510	21,500	19,990	32,490
1913	218,279	21,500	10,990	32,490
1914*	610,623	21,500	10,990	32,490
1915*	583,569	21,500	10,990	32,490
1916	742,600	21,500	10,990	32,490
1917	615,776	21,500	10,990	32,490
1918	544,377	21,500	10,990	32,490
				444,128
				565,680
				624,903
				450,465
				729,486
				722,750
				213,235
				782,597
				562,432
				763,917
				265,020
				185,789
				578,133
				551,079
				710,110
				583,286
				511,887

Year	Expense			Net Income
	Gross Revenue	Oper- ating	Depre- ciation	Total Expense
1919	413,859	21,500	10,990	32,490
1920	480,443	21,500	10,990	32,490
1921	560,841	21,500	10,990	32,490
1922	671,382	21,500	10,990	32,490
1923	566,433	21,500	10,990	32,490
1924	138,905	21,500	10,990	32,490
1925	562,451	21,500	10,990	32,490
1926	400,294	21,500	10,990	32,490
1927	569,650	26,406	10,990	37,396
1928	485,757	25,302	10,990	36,292
1929	296,412	23,837	10,990	34,827
1930	308,931	22,000	10,990	32,990
1931	95,917	17,378	10,990	28,368
1932	605,630	20,947	10,990	31,937
1933	316,924	19,221	10,990	30,211
1934	191,936	15,989	10,990	26,979
1935	551,114	22,185	10,990	33,175
<hr/>				
Total 34 yrs.....	17,014,106	730,765	373,660	1,104,425
Average 34 yrs.....	500,415	21,493	10,990	32,483
<hr/>				
Total 32 yrs.....	15,819,914	687,765	351,680	1,039,445
Average 32 yrs.....	494,372	21,493	10,990	32,483
<hr/>				
Total 34 yrs.....				15,909,681
Average 34 yrs.....				467,932
<hr/>				
Total 32 yrs.....				14,780,469
Average 32 yrs.....				461,890

\* Available water supply estimated during 1914 and 1915

32 yr. total and average exclude years 1914 and 1915 during which no stream flow measurements are available.

ANNUAL REPORT  
OF  
MERCED IRRIGATION DISTRICT  
TO  
FEDERAL POWER COMMISSION  
Oct. 1st - 1930  
Sept. 30th - 1931

II Tangible Fixed Capital

1. Production Capital

(b) Hydraulic power generation:

312	Hydraulic power plant land	
	(a) Land owned in fee or held	
	under perpetual rights.....	\$6,379,466.38
	(b) Land held for a limited period	
313	Hydraulic power plant structures.....	353,206.98
314	Reservoirs, dams, and intakes.....	3,892,828.63
317	Forebays, penstocks and tail races.....	214,808.79
318	Production Roads and Trails.....	7,603.32
319	Water turbines and water wheels.....	154,586.87
320	Electric Equipment—hydro .....	416,914.69
323	Miscellaneous power plant equipment.....	7,384.75
382	Production Communication System.....	661.06
Total hydro-power generation.....		\$11,427,461.67

Note: Capital charges have remained practically constant since completion of project, so that year 1931 is typical and unchanged to date.

[727]

MERCED IRRIGATION DISTRICT  
OPERATING EXPENSES  
AS SHOWN ON DISTRICT'S BOOKS

2-4-36

<u>Calendar Year</u>	<u>Annual Expense</u>	<u>Remarks</u>
1927	\$26,405.90	(Expense high account carrying over
1928	25,302.51	(from construction work
1929	23,837.02	
1930	22,000.18	
1931	17,378.54	Expense low account lay off—low water
1932	20,947.49	
1933	19,221.40	
1934	15,988.69	(Expense low account time partially
1935	22,185.05	(chargeable to construction work

Total    \$193,266.78

Annual average—\$21,474.00

Total (excluding 1927-28-31-34)—\$108,191.14

Annual average—\$21,638.00

Use—\$21,500.00

DETAIL OF OPERATING EXPENSES  
FOR YEAR 1935

<u>Account No.</u>	<u>Item</u>	<u>Amount</u>
731	Power House Superintendence.....	\$ 2,436.00
733	Station Labor .....	7,960.00
734	Miscellaneous Labor .....	6,505.53
746	Maintenance Production	
	Roads and Trails.....	1,410.29
747	Maintenance to water wheels and turbines	276.51
756	Production rents .....	819.90
Total .....		\$21,881.70
Plus depreciation .....		303.35
		\$22,185.05

Taken from District's Books

2-4-36.

## MERCED IRRIGATION DISTRICT

DETAIL OF  
CAPITAL INVESTMENT AND DEPRECIATION RESERVE  
AS OF DECEMBER 31, 1935.

Acct. No.		Capital	Per Cent	Annual Depreciation
313.	Hydraulic P. P. Structures:			
.1	Operators Cottages .....	17,711.23	2	354.22
.2	Office Bldg. School, etc.....	16,381.72	8	1,310.54
.3	Refrigeration Plant .....	1,569.10	10	156.91
.4	Power House Bldg.....	311,488.84	1	3,114.89
.5	Camp Water Supply.....	6,056.09	2.5	151.40
		353,206.98		
314.	Reservoir Dam & Intake.....	3,892,828.63	1	38,928.29
317.	Penstocks .....	214,808.79	1.5	3,228.13
319.	Water Wheels & Turbine.....	154,586.87	2.5	3,864.67
320.	Electrical Equipment .....	416,914.69	2.5	10,422.87
323.	Misc. Power Plant Equip....	7,384.75	2.5	184.62
382.	Communication System Tel.	661.06	10	66.11
		<hr/>		<hr/>
		\$5,040,391.77		\$61,782.65
	Less Reservoir & Dam.....	3,892,828.63		38,928.29
		<hr/>		<hr/>
		\$1,147,563.14		\$22,854.36

Taken from books of the District—2/4/36

[729]

## MERCED IRRIGATION DISTRICT

## DETAIL OF

## CAPITAL INVESTMENT AND DEPRECIATION RESERVE

AS OF DECEMBER 31, 1935.

Based on lives established by  
California Railroad Commission  
5% Sinking Fund Method.

Act. No.		Capital	Life Years	Annual Depreciation
313.	Hydraulic P. P. Structures:			
.1	Operators Cottages .....	17,711.23	(.01505) *30	266.55
.2	Office Bldg., School, etc.	16,381.72	30	246.54
.3	Refrigeration Plant .....	1,569.10	(.07950) 10	124.74
.4	Power House Bldg.....	311,488.84	(.00827) 40	2,576.01
.5	Camp Water Supply.....	6,056.09	(.04634) 15	280.64
314.	Reservoir Dam and			
	Intake .....	3,892,928.63	(.00478) 50	18,607.72
317.	Penstocks .....	214,808.79	50	1,026.79
319.	Water Wheels and			
	Turbines .....	154,586.87	(.01107) 35	1,711.28
320.	Electrical Equipment .....	416,914.69	35	4,615.25
323.	Misc. Power Plant Equip.	7,384.75	(.01505) 30	111.14
382.	Communication System Tel.	661.06	(.04634) 15	30.63
		<hr/>		<hr/>
		\$5,040,391.77		\$29,597.29
	Less Reservoir and Dam	3,892,928.63		18,607.72
		<hr/>		<hr/>
		\$1,147,563.14		\$10,989.57

Sinking Funds may be invested:

1. In addition to capital;
2. In purchase of own bonds;
3. In purchase of other bonds.

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\*Figures in parentheses were written in red ink on original copy.

[730]

# MERCED IRRIGATION DISTRICT DATA USED IN STUDY

1 600 second feet—31 day month = 98 400 acre feet.

1 600 second feet—30 day month = 95 200 acre feet.

1 600 second feet—29 day month = 92 000 acre feet.

1 600 second feet—28 day month = 88 800 acre feet.

31 250 Kw continuous for one year of 8 760 hrs  
= 273 750 000 Kw-hrs.

31 250 Kw at 80% load factor for one year =  
219 000 000 Kw-hrs.

31 250 Kw at 80% load factor for 31 day month  
= 1 860 000 Kw-hrs.

31 250 Kw at 80% load factor for 30 day month  
= 1 800 000 Kw-hrs.

31 250 Kw at 80% load factor for 29 day month  
= 1 740 000 Kw-hrs.

31 250 Kw at 80% load factor for 28 day month  
= 1 680 000 Kw-hrs.

1 Cubic foot per second = 1.9835 acre feet per  
24 hours.

1 Cubic foot per second = 724 acre feet per year.

## Elevation Head

Center line of penstock Inlet.....	485.00	
Center line of penstock Outlet .....	420.00	
40 000 acre feet capacity .....	561.00	141
289 000 acre feet capacity .....	710.00	290
174 000 acre feet capacity .....	660.00	240

[731]



## MERCED IRRIGATION DISTRICT

Month 1902	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
Jan. ....	14,511	14,511	14,511	.....	.....	.....	.....	.....
Feb. ....	41,597	41,597	56,108	.....	.....	.....	.....	.....
Mar. ....	84,054	-14,346	41,762	572	.....	98,400	94	9,249,600
Apr. ....	146,202	51,002	92,764	588	.....	95,200	109	10,376,800
May ....	233,345	134,945	227,709	655	.....	98,400	174	17,121,600
June ....	186,962	61,291	289,000	698	30,471	95,200	193	18,373,600
July ....	29,576	-68,824	220,176	675	.....	98,400	186	18,302,400
Aug. ....	11,744	-86,656	133,520	662	.....	98,400	179	17,613,600
Sept. ....	5,236	-89,964	43,556	606	.....	95,200	127	12,090,400
Oct. ....	5,534	- 2,466	41,090	563	.....	8,000	86	688,000
Nov. ....	14,638	6,638	47,728	566	.....	8,000	88	704,000
Dec. ....	18,631	3,631	51,359	571	.....	15,000	93	1,395,000
	<u>792,030</u>				<u>30,471</u>	<u>710,200</u>		<u>105,915,000</u>
								105,915,000 Kw-h @ \$.0045=\$476,618.00

W.S.P. #81

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Merced Falls

D.A.—1090 S.M.



## MERCED IRRIGATION DISTRICT

Month 1903	Available Water Supply Acre Feet	Lake McClure Storage			Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
		Gain or Loss Acre Feet	Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			51,359					
Jan. ....	68,743	- 1,257		577	.....	70,000	99	6,930,000
			50,102					
Feb. ....	61,369	- 8,631		567	.....	70,000	89	6,230,000
			41,471					
Mar. ....	119,901	21,501		573	.....	98,400	95	9,348,000
			62,972					
Apr. ....	171,193	75,993		615	.....	95,200	137	13,042,400
			138,965					
May ....	265,626	150,035		678	17,191	98,400	187	18,400,810
			289,000					
June ....	175,180	.....		710	79,980	95,200	193	18,373,600
			289,000					
July ....	42,795	-55,605		700	.....	98,400	192	18,892,800
			233,395					
Aug. ....	22,689	-75,711		670	.....	98,400	183	18,007,200
			157,684					
Sept. ....	16,602	-78,598		628	.....	95,200	150	14,280,000
			79,086					
Oct. ....	16,909	-58,091		572	.....	75,000	94	8,930,000
			20,995					
Nov. ....	22,671	19,671		547	.....	3,000	70	210,000
			40,666					
Dec. ....	22,689	19,689		572	.....	3,000	94	282,000
			60,355					
	1,006,367				97,171	900,200		132,926,810

132,926,810 Kw-h @ \$.0045=\$598,170

W.S.P. #100  
Pg-293  
Merced Falls  
D.A.—1090S.M.



## MERCED IRRIGATION DISTRICT

Month 1904	Available Water Supply Acre Feet	Lake McClure Storage			Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
		Gain or Loss Acre Feet	Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
Jan. ....	11,621	-13,379	60,355	575	.....	25,000	97	2,425,000
Feb. ....	71,326	- 3,674	46,976	565	.....	75,000-	88	6,600,000
Mar. ....	139,269	40,869	43,302	585	.....	98,400	107	10,528,800
Apr. ....	161,137	65,937	84,171	626	.....	95,200	148	14,089,600
May ....	356,444	138,892	150,108	682	119,152	98,400	189	18,597,600
June ....	195,888	.....	289,000	710	100,688	95,200	193	18,373,600
July ....	55,892	-42,508	289,000	704	.....	98,400	193	18,991,200
Aug. ....	23,365	-75,035	246,492	678	.....	98,400	187	18,400,800
Sept. ....	19,339	-75,861	171,457	638	.....	95,200	160	15,232,000
Oct. ....	92,908	- 5,492	95,596	610	.....	98,400	132	12,988,800
Nov. ....	28,026	-41,974	90,104	592	.....	70,000	114	7,980,000
Dec. ....	22,197	2,197	48,130	572	.....	20,000	94	1,880,000
	<u>1,177,412</u>		<u>50,327</u>		<u>219,840</u>	<u>967,600</u>		<u>146,087,400</u>

146,087,400 Kw-h @ \$.0045=\$657,393.00

W.S.P. #134  
Pg-165  
Merced Falls  
D.A.—1090 S.M.



## MERCED IRRIGATION DISTRICT

Month 1905	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			50,327					
Jan. ....	21,210	1,210		572	.....	20,000	94	1,880,000
			51,537					
Feb. ....	61,370	-13,630		566	.....	75,000	88	6,600,000
			37,907					
Mar. ....	109,100	10,700		564	.....	98,400	86	8,462,400
			48,607					
Apr. ....	122,000	26,800		583	.....	95,200	105	9,996,000
			75,407					
May ....	203,900	105,500		634	.....	98,400	156	15,350,400
			180,907					
June ....	177,300	82,100		685	.....	95,200	189	17,992,800
			263,007					
July ....	49,440	-48,960		690	.....	98,400	191	18,794,400
			214,047					
Aug. ....	9,715	-88,685		658	.....	98,400	176	17,318,400
			125,362					
Sept. ....	3,735	-76,265		604	.....	80,000	126	10,080,000
			49,097					
Oct. ....	3,628	628		572	.....	3,000	94	282,000
			49,725					
Nov. ....	3,951	951		572	.....	3,000	94	282,000
			50,676					
Dec. ....	5,995	2,995		573	.....	3,000	95	285,000
			53,671					
	771,344					768,000		107,323,400

107,323,400 Kw-h @ \$.0045=\$482,955.00

W.S.P. #177  
Pg-205  
Merced Falls  
D.A.—1090 S.M.



## MERCED IRRIGATION DISTRICT

Month 1906	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			53,671					
Jan. ....	113,000	14,600		583	.....	98,400	105	10,332,000
			68,271					
Feb. ....	58,900	-26,100		578	.....	85,000	100	8,500,000
			42,171					
Mar. ....	287,000	188,600		640	.....	98,400	162	15,940,800
			230,771					
Apr. ....	208,000	58,229		678	54,571	95,200	187	17,802,400
			289,000					
May ....	402,000	.....		710	303,600	98,400	193	18,991,200
			289,000					
June ....	500,000	.....		710	404,800	95,200	193	18,373,600
			289,000					
July ....	385,000	.....		710	286,600	98,400	193	18,991,200
			289,000					
Aug. ....	58,300	-40,100		702	.....	98,400	193	18,991,200
			248,900					
Sept. ....	15,100	-80,100		674	.....	95,200	185	17,612,000
			168,800					
Oct. ....	7,500	-90,900		632	.....	98,400	154	15,153,600
			77,900					
Nov. ....	8,030	-31,970		584	.....	40,000	106	4,240,000
			45,930					
Dec. ....	45,200	- 4,800		565	.....	50,000	88	4,400,000
			41,130					
	2,088,030				1,049,571	1,051,000		169,328,000

169,328,000 Kw-h @ \$.0045 = \$761,976.00

W.S.P. #213  
Pg-161  
Merced Falls  
D.A.—1090 S.M.



## MERCED IRRIGATION DISTRICT

Month 1907	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			41,130					
Jan. ....	125,000	26,600		576	.....	98,400	98	9,643,200
			67,730					
Feb. ....	117,000	28,200		600	.....	88,800	122	10,833,600
			95,930					
Mar. ....	459,000	193,070		668	167,530	98,400	182	17,908,800
			289,000					
Apr. ....	327,000	.....		710	231,800	95,200	193	18,373,600
			289,000					
May ....	392,000	.....		710	293,600	98,400	193	18,991,200
			289,000					
June ....	377,000	.....		710	281,800	95,200	193	18,373,600
			289,000					
July ....	213,000	.....		710	114,600	98,400	193	18,991,200
			289,000					
Aug. ....	48,700	-49,700		700	.....	98,400	192	18,892,800
			239,300					
Sept. ....	13,000	-82,200		671	.....	95,200	184	17,516,800
			157,100					
Oct. ....	8,300	-90,100		624	.....	98,400	146	14,366,400
			67,000					
Nov. ....	9,160	-20,840		578	.....	30,000	100	3,000,000
			46,160					
Dec. ....	18,900	8,900		572	.....	10,000	94	940,000
			55,060					
	2,108,060				1,089,330	1,004,800		167,831,200

W.S.D. #251

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Merced Falls

D.A.—1090 S.M.

167,831,200 Kw-h @ \$.0045=\$755,240.00

[737]



## MERCED IRRIGATION DISTRICT

Month 1908	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
Jan. ....	31,800	- 8,200	55,060	572	.....	40,000	94	3,760,000
Feb. ....	28,500	3,500	46,860	571	.....	25,000	93	2,325,000
Mar. ....	64,000	- 1,000	50,360	571	.....	65,000	93	6,045,000
Apr. ....	111,000	15,800	49,360	580	.....	95,200	102	9,710,400
May ....	123,000	24,600	65,160	595	.....	98,400	117	11,512,800
June ....	75,600	-19,600	89,760	600	.....	95,200	122	11,614,400
July ....	30,000	-10,000	70,160	585	.....	40,000	117	4,680,000
Aug. ....	12,500	-27,500	60,160	568	.....	40,000	90	3,600,000
Sept. ....	5,590	- 4,410	32,660	548	.....	10,000	71	710,000
Oct. ....	5,800	2,800	28,250	547	.....	3,000	70	210,000
Nov. ....	4,140	1,140	31,050	548	.....	3,000	71	213,000
Dec. ....	6,460	3,460	32,190	552	.....	3,000	75	225,000
	<u>498,390</u>		<u>35,650</u>		<u>.....</u>	<u>517,800</u>		<u>54,605,600</u>

W.S.P. #251

Pg-262

Merced Falls

D.A.—1090S.M.

54,605,600 Kw-h @ \$.0045=\$245,725.00

[738]



## MERCED IRRIGATION DISTRICT

Month 1909	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			35,650					
Jan. ....	228,000	129,600		615	.....	98,400	137	13,480,800
			165,250					
Feb. ....	179,000	90,200		678	.....	88,800	187	16,605,600
			255,450					
Mar. ....	84,800	-13,600		694	.....	98,400	191	18,794,400
			241,850					
Apr. ....	172,000	47,150		702	29,650	95,200	193	18,373,600
			289,000					
May ....	321,000	.....		710	222,600	98,400	193	18,991,200
			289,000					
June ....	354,000	.....		710	258,800	95,200	193	18,373,600
			289,000					
July ....	95,300	- 3,100		706	.....	98,400	193	18,991,200
			285,900					
Aug. ....	20,700	-77,700		694	.....	98,400	192	18,892,800
			208,200					
Sept. ....	8,210	-86,990		655	.....	95,200	174	16,564,800
			121,210					
Oct. ....	8,180	-71,820		604	.....	80,000	126	10,080,000
			44,390					
Nov. ....	31,600	- 8,400		566	.....	40,000	88	3,520,000
			40,990					
Dec. ....	103,000	4,600		564	.....	98,400	86	8,462,400
			45,590					
	1,605,790				511,050	1,084,800		181,130,400

W.S.P. #271

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Merced Falls

D.A.—1090 S.M.

181,130,400 Kw-h @ \$.0045=\$815,087.00



## MERCED IRRIGATION DISTRICT

Month 1910	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			45,590					
Jan. ....	139,000	40,600		586	.....	98,400	118	11,611,200
			86,190					
Feb. ....	54,100	-34,700		590	.....	88,800	112	9,954,560
			51,490					
Mar. ....	119,000	20,600		582	.....	98,400	114	11,217,600
			72,090					
Apr. ....	239,000	143,800		644	.....	95,200	165	15,708,000
			215,890					
May ....	250,000	73,110		695	78,490	98,400	192	18,892,800
			289,000					
June ....	80,900	-14,300		706	.....	95,200	193	18,373,600
			274,700					
July ....	24,000	-74,400		670	.....	98,400	183	18,007,200
			200,300					
Aug. ....	8,120	-90,280		650	.....	98,400	170	16,728,000
			110,020					
Sept. ....	11,400	-58,600		594	.....	70,000	116	8,120,000
			51,420					
Oct. ....	10,500	- 4,500		572	.....	15,000	94	1,410,000
			46,920					
Nov. ....	11,300	8,300		572	.....	3,000	94	282,000
			55,220					
Dec. ....	17,800	- 2,200		573	.....	20,000	95	1,900,000
			53,020					
	965,120				78,490	879,200		132,204,960

W.S.P. #291

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Merced Falls

D.A.—1090 S.M.

132,204,960 Kw-h @ \$.0045=\$594,922

[740]



## MERCED IRRIGATION DISTRICT

Month 1911	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			53,020					
Jan. ....	271,000	172,600		629	.....	98,400	160	15,744,000
			225,620					
Feb. ....	136,000	47,200		696	.....	88,800	192	17,049,600
			272,820					
Mar. ....	357,000	19,180		704	242,420	98,400	193	18,991,200
			289,000					
Apr. ....	253,000	.....		710	157,800	95,200	193	18,373,600
			289,000					
May ....	339,000	.....		710	240,600	98,400	193	18,991,200
			289,000					
June ....	465,000	.....		710	369,800	95,200	193	18,373,600
			289,000					
July ....	212,000	.....		710	113,600	98,400	193	18,991,200
			289,000					
Aug. ....	34,900	-63,500		698	.....	98,400	192	18,892,800
			225,500					
Sept. ....	12,400	-82,800		675	.....	95,200	186	17,707,200
			142,700					
Oct. ....	10,300	-59,700		624	.....	70,000	146	10,220,000
			83,000					
Nov. ....	10,500	- 4,500		604	.....	15,000	126	1,890,000
			78,500					
Dec. ....	9,900	- 5,100		595	.....	15,000	117	1,755,000
			73,400					
	2,111,000				1,124,220	966,440		176,979,400

W.S.P. #311

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Merced Falls

D.A.—1090 S.M.

176,974,400 Kw-h @ \$.0045=\$796,407.00



## MERCED IRRIGATION DISTRICT

Month 1912	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			73,400					
Jan. ....	16,100	- 3,900		592	.....	20,000	113	2,260,000
			69,500					
Feb. ....	14,600	-15,400		582	.....	30,000	104	3,120,000
			54,100					
Mar. ....	37,100	- 2,900		574	.....	40,000	96	3,840,000
			51,200					
Apr. ....	46,100	-13,900		565	.....	60,000	87	5,220,000
			37,300					
May .....	154,000	55,600		584	.....	98,400	116	11,414,400
			92,900					
June .....	172,000	76,800		635	.....	95,200	157	14,946,400
			169,700					
July .....	29,600	-68,800		638	.....	98,400	159	15,645,600
			100,900					
Aug. ....	9,590	-40,410		600	.....	50,000	122	6,100,000
			60,490					
Sept. ....	5,190	-24,810		571	.....	30,000	94	2,820,000
			35,680					
Oct. ....	4,060	1,060		555	.....	3,000	78	234,000
			36,740					
Nov. ....	7,740	4,740		564	.....	3,000	87	261,000
			41,480					
Dec. ....	5,460	2,460		562	.....	3,000	84	252,000
			43,940					
	501,540				.....	531,000		66,113,400

W.S.P. 331 &amp; 361

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Merced Falls

D.A.—1090 S.M.

66,113,400 Kw-hr @ \$.0045=\$297,510



## MERCED IRRIGATION DISTRICT

Month 1913	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
Jan. ....	10,200	5,200	43,940	568	.....	5,000	91	455,000
Feb. ....	11,600	6,600	49,140	574	.....	5,000	96	480,000
Mar. ....	22,200	- 7,800	55,740	574	.....	30,000	96	2,880,000
Apr. ....	73,200	3,200	47,940	571	.....	70,000	93	6,510,000
May ....	148,000	49,600	51,140	595	.....	98,400	117	11,512,800
June ....	86,300	- 8,900	100,740	612	.....	95,200	113	12,661,600
July ....	34,400	-35,600	91,840	595	.....	70,000	117	8,190,000
Aug. ....	22,900	- 7,100	56,240	574	.....	30,000	96	2,880,000
Sept. ....	14,800	-10,200	49,140	565	.....	25,000	87	2,175,000
Oct. ....	3,040	40	38,940	560	.....	3,000	83	249,000
Nov. ....	6,130	3,130	38,980	561	.....	3,000	84	252,000
Dec. ....*	5,730	2,730	42,110	564	.....	3,000	87	261,000
	<hr/> 438,500		44,840		<hr/> .....	<hr/> 437,600		<hr/> 48,506,400

W.S.P. #361

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Merced Falls

D.A.—1090

W.S.P. #391

\*Figure Estimated

48,506,400 Kw-hr @ \$.0045=\$218,279



## MERCED IRRIGATION DISTRICT

Month 1914	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			44,840					
Jan. .... *	30,070	70		565	.....	30,000	87	2,610,000
			44,910					
Feb. .... *	27,820	- 2,180		564	.....	30,000	87	2,610,000
			42,730					
Mar. .... *	89,900	8,500		560	.....	98,400	83	8,167,200
			34,230					
Apr. .... *	161,800	66,600		588	.....	95,200	111	10,567,200
			100,830					
May .... *	430,000	188,170		670	143,430	98,400	183	18,007,200
			289,000					
June .... *	386,000	.....		710	290,800	95,200	193	18,373,600
			289,000					
July .... *	200,800	.....		710	102,400	98,400	193	18,991,200
			289,000					
Aug. .... *	59,200	-39,200		702	.....	98,400	193	18,991,200
			249,800					
Sept. .... *	9,430	-85,770		675	.....	95,200	185	17,612,000
			164,030					
Oct. .... *	5,440	-92,960		657	.....	98,400	176	17,318,400
			71,070					
Nov. .... *	5,830	-14,170		585	.....	20,000	107	2,140,000
			56,900					
Dec. .... *	2,800	- 200		580	.....	3,000	102	306,000
			56,700					
	1,409,030				536,630	860,600		135,694,000

No record of flow available

\* Figures estimated

135,694,000 Kw-hr @ \$.0045 = \$610,623.00

[744]



## MERCED IRRIGATION DISTRICT

Month 1915	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			56,700					
Jan. .... *	8,670	-11,330		572	.....	20,000	94	1,880,000
			45,370					
Feb. .... *	23,320	3,320		569	.....	20,000	92	1,840,000
			48,690					
Mar. .... *	55,520	-14,480		562	.....	70,000	84	5,880,000
			34,210					
Apr. .... *	212,700	117,500		610	.....	95,200	132	12,566,400
			151,710					
May .... *	259,200	137,290		682	23,510	98,400	188	18,499,200
			289,000					
June .... *	441,140	.....		710	345,940	95,200	193	18,373,600
			289,000					
July .... *	216,560	.....		710	118,160	98,400	193	18,991,200
			289,000					
Aug. .... *	36,430	-61,970		698	.....	98,400	193	18,991,200
			227,030					
Sept. .... *	12,280	-82,920		665	.....	95,200	180	17,136,000
			144,110					
Oct. .... *	4,960	-93,440		614	.....	98,400	136	13,382,400
			50,670					
Nov. .... *	4,340	1,340		572	.....	3,000	94	282,000
			52,010					
Dec. ....	13,900	- 6,100		571	.....	20,000	93	1,860,000
			45,910					
	1,289,020				487,610	812,200		129,682,000

No record of flow available until Dec. 1, 1915

W.S.P. #441

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Exchequer

D.A.—1090 S.M.

\* Figures estimated

129,682,000 Kw-hr @ \$.0045=\$583,569.00



## MERCED IRRIGATION DISTRICT

Month 1916	Available Water Supply Acre Feet	Lake McClure Storage		Average Elev. of Water	Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
		Gain or Loss Acre Feet	Total Water In Storage At end Month Acre Feet					
			45,910					
Jan. ....	161,000	62,600	108,510	596	.....	98,400	118	11,611,200
Feb. ....	114,000	22,000	130,510	630	.....	92,000	152	13,984,000
Mar. ....	212,000	113,600	244,110	665	.....	98,400	180	17,712,000
Apr. ....	253,000	44,890	289,000	702	112,910	95,200	193	18,373,600
May ....	312,000	.....	289,000	710	213,600	98,400	193	18,991,200
June ....	277,000	.....	289,000	710	181,800	95,200	193	18,373,600
July ....	77,500	-20,900	268,100	706	.....	98,400	193	18,991,200
Aug. ....	17,800	-80,600	187,500	685	.....	98,400	190	18,696,000
Sept. ....	8,450	-86,750	100,750	644	.....	95,200	165	15,708,000
Oct. ....	30,600	-67,800	32,950	588	.....	98,400	111	10,922,400
Nov. ....	15,900	12,900	45,850	560	.....	3,000	83	249,000
Dec. ....	25,400	10,400	56,250	572	.....	15,000	94	1,410,000
	1,504,650				508,310	986,000		165,022,200

W.S.P. #441

Pg.-133

Exchequer

D.A.—1020

166,022,200 Kw-hr @ \$.0045=\$742,600.00

[746]



## MERCED IRRIGATION DISTRICT

Month 1917	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
Jan. ....	27,100	-12,900	56,250	572	.....	40,000	93	3,720,000
Feb. ....	159,000	70,200	43,350	598	.....	88,800	121	10,744,800
Mar. ....	65,800	-32,600	113,550	613	.....	98,400	135	13,284,000
Apr. ....	129,000	33,800	80,950	613	.....	95,200	135	12,852,000
May ....	234,000	135,600	114,750	664	.....	98,400	179	17,613,600
June ....	339,000	38,650	250,350	703	205,150	95,200	193	18,373,600
July ....	73,800	-24,600	289,000	705	.....	98,400	193	18,991,200
Aug. ....	18,100	-80,300	264,400	684	.....	98,400	189	18,597,600
Sept. ....	7,440	-87,760	184,100	641	.....	85,200	162	15,422,400
Oct. ....	4,760	-45,240	96,340	595	.....	50,000	117	5,850,000
Nov. ....	5,110	- 4,890	51,100	571	.....	10,000	93	930,000
Dec. ....	6,210	1,210	46,210	568	.....	5,000	92	460,000
	<u>1,069,320</u>		47,420		<u>205,150</u>	<u>873,000</u>		<u>136,839,200</u>

W.S.D. #461  
Pg.-134  
Exchequer  
D.A.—1020

136,839,200 Kw-hr @ \$.0045=\$615,776

[747]



## MERCED IRRIGATION DISTRICT

Month 1918	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			47,420					
Jan. ....	6,150	1,150		570	.....	5,000	93	465,000
			48,570					
Feb. ....	44,400	-15,600		562	.....	60,000	85	5,100,000
			32,970					
Mar. ....	186,000	87,600		596	.....	98,400	108	10,627,200
			120,570					
Apr. ....	139,000	43,800		642	.....	95,200	164	15,612,800
			164,370					
May ....	196,000	97,600		679	.....	98,400	187	18,400,800
			261,970					
June ....	195,000	27,030		704	72,770	95,200	193	18,373,600
			289,000					
July ....	29,600	-68,800		697	.....	98,400	192	18,892,800
			220,200					
Aug. ....	6,390	-92,010		660	.....	98,400	178	17,515,200
			128,190					
Sept. ....	11,800	-83,400		604	.....	95,200	126	11,995,200
			44,790					
Oct. ....	32,000	12,000		572	.....	20,000	94	1,880,000
			56,790					
Nov. ....	14,900	4,900		581	.....	10,000	103	1,030,000
			61,690					
Dec. ....	15,200	5,200		586	.....	10,000	108	1,080,000
			66,890					
	876,440				72,770	784,200		120,972,600

W.S.P. #481

Pg.-131

Exchequer

D.A.—1020

120,972,600 Kw-hr @ \$.0045=\$544,377.00

[748]



## MERCED IRRIGATION DISTRICT

Month 1919	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			66,890					
Jan. ....	12,100	- 7,900	58,990	585	.....	20,000	107	2,140,000
Feb. ....	47,400	7,400	66,390	585	.....	40,000	107	4,280,000
Mar. ....	70,100	-28,300	38,090	575	.....	98,400	97	9,544,800
Apr. ....	135,000	39,800	77,890	580	.....	95,200	102	9,710,400
May ....	274,000	175,600	253,490	655	.....	98,400	174	17,121,600
June ....	61,300	-33,900	219,590	690	.....	95,200	191	18,183,200
July ....	13,000	-85,400	134,190	662	.....	98,400	179	17,613,600
Aug. ....	3,760	-86,240	47,950	608	.....	90,000	130	11,700,000
Sept. ....	2,300	- 7,700	40,250	566	.....	10,000	88	880,000
Oct. ....	3,380	380	40,630	561	.....	3,000	84	252,000
Nov. ....	3,600	600	41,230	562	.....	3,000	90	270,000
Dec. ....	11,600	8,600	49,830	568	.....	3,000	91	273,000
	637,540				.....	654,600		91,968,600

W.S.P. #511  
Pg.-206  
Exchequer  
D.A.—1020

91,968,600 Kw-hr @ \$.0045=\$413,859.00



## MERCED IRRIGATION DISTRICT

Month 1920	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			49,830					
Jan. ....	10,400	400		572	.....	10,000	94	940,000
			50,230					
Feb. ....	12,900	- 2,100		571	.....	15,000	93	1,395,000
			48,130					
Mar. ....	80,500	500		570	.....	80,000	92	7,360,000
			48,630					
Apr. ....	120,000	24,800		583	.....	95,200	105	9,996,000
			73,430					
May ....	259,000	160,600		649	.....	98,400	170	16,728,000
			234,030					
June ....	147,000	51,800		699	.....	95,200	192	18,278,400
			285,830					
July ....	24,300	-74,100		694	.....	98,400	192	18,892,800
			211,730					
Aug. ....	8,550	-89,850		656	.....	98,400	175	17,220,000
			121,880					
Sept. ....	4,570	-80,430		600	.....	85,000	122	10,370,000
			41,450					
Oct. ....	13,800	8,800		568	.....	5,000	90	450,000
			50,250					
Nov. ....	20,000	.....		572	.....	20,000	94	1,880,000
			50,250					
Dec. ....	31,900	- 3,100		571	.....	35,000	93	3,255,000
			47,150					
	732,920				.....	735,600		106,765,200

W.S.P. #511  
Pg.-206  
Exchequer  
D.A.—1020

106,765,200 Kw-hr @ \$.0045=\$480,443.00

[750]



## MERCED IRRIGATION DISTRICT

Month 1921	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			47,150					
Jan. ....	99,000	600		569	.....	98,400	91	8,954,400
			47,750					
Feb. ....	78,900	- 9,900		564	.....	88,800	87	7,725,600
			37,850					
Mar. ....	107,000	8,600		564	.....	98,400	87	8,560,800
			46,450					
Apr. ....	142,000	46,800		582	.....	95,200	104	9,900,800
			93,250					
May ....	245,000	146,600		654	.....	98,400	173	17,023,200
			239,850					
June ....	215,000	49,150		700	70,650	95,200	192	18,278,400
			289,000					
July ....	46,100	-52,300		700	.....	98,400	192	18,892,800
			236,700					
Aug. ....	8,550	-89,850		668	.....	98,400	182	17,908,800
			146,850					
Sept. ....	4,210	-90,990		616	.....	95,200	138	13,137,600
			55,860					
Oct. ....	3,120	- 6,880		575	.....	10,000	97	970,000
			48,980					
Nov. ....	3,480	480		571	.....	3,000	93	279,000
			49,460					
Dec. ....	44,000	14,000		578	.....	30,000	100	3,000,000
			63,460					
	996,360				70,650	909,400		124,631,400

W.S.P. #531  
Pg.-148  
Exchequer  
D.A.—1020

124,631,400 Kw-hr @ \$.0045 = 560,841.00

[751]



MERCED IRRIGATION DISTRICT

Month 1922	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			63,460					
Jan. ....	40,100	-29,900		570	.....	70,000	93	6,510,000
			33,560					
Feb. ....	163,000	74,200		582	.....	88,800	104	9,235,200
			107,760					
Mar. ....	117,000	18,600		627	.....	98,400	149	14,661,600
			126,360					
Apr. ....	124,000	28,800		642	.....	95,200	162	15,422,400
			155,160					
May ....	416,000	133,840		683	183,760	98,400	189	18,597,600
			289,000					
June ....	400,000	.....		710	304,800	95,200	193	18,373,600
			289,000					
July ....	86,100	-12,300		708	.....	98,400	193	18,991,200
			276,700					
Aug. ....	15,500	-82,900		689	.....	98,400	190	18,696,000
			193,800					
Sept. ....	6,070	-89,130		646	.....	95,200	167	15,898,400
			104,670					
Oct. ....	5,790	-49,210		600	.....	55,000	122	6,710,000
			55,460					
Nov. ....	16,000	- 4,000		575	.....	20,000	97	1,940,000
			51,460					
Dec. ....	58,300	18,300		582	.....	40,000	104	4,160,000
			69,760					
	<u>1,447,860</u>				<u>488,560</u>	<u>953,000</u>		<u>149,196,000</u>

W.S.P. #551  
Pg.-205  
Exchequer  
D.A.—1020

149,196,000 Kw-hr @ \$.0045=\$671,382



## MERCED IRRIGATION DISTRICT

Month 1923	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			69,760					
Jan. ....	65,800	15,800	85,560	598	.....	50,000	120	6,000,000
Feb. ....	50,200	- 9,800	75,760	600	.....	60,000	124	7,440,000
Mar. ....	55,800	-42,600	33,160	576	.....	98,400	98	9,643,200
Apr. ....	158,000	62,800	95,960	586	.....	95,200	108	10,281,600
May ....	288,000	189,600	285,560	668	.....	98,400	182	17,908,800
June ....	155,000	3,440	289,000	709	56,360	95,200	193	18,373,600
July ....	66,400	-32,000	257,000	704	.....	98,400	193	18,991,200
Aug. ....	13,400	-85,000	172,000	680	.....	98,400	188	18,499,200
Sept. ....	9,280	-85,920	86,080	635	.....	95,200	157	14,946,400
Oct. ....	13,200	- 1,800	84,280	604	.....	15,000	126	1,890,000
Nov. ....	9,040	4,040	88,320	604	.....	5,000	126	630,000
Dec. ....	7,930	- 2,070	86,250	605	.....	10,000	127	1,270,000
	892,050				56,360	819,200		125,874,000

W.S.P. #571  
Pg.-201  
Exchequer  
D.A. 1020

125,874,000 Kw-hr @ \$.0045=\$566,433.00



## MERCED IRRIGATION DISTRICT

Month 1924	Available Water Supply Acre Feet	Lake McClure Storage			Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
		Gain or Loss Acre Feet	Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			86,250					
Jan. ....	10,200	200	86,450	604	.....	10,000	126	1,260,000
Feb. ....	15,000	- 5,000	81,450	603	.....	20,000	125	2,500,000
Mar. ....	19,300	-20,700	60,750	592	.....	40,000	114	4,560,000
Apr. ....	67,200	2,200	62,950	583	.....	65,000	115	7,475,000
May ....	91,000	- 7,400	55,550	580	.....	98,400	102	10,036,800
June ....	12,600	- 7,400	48,150	575	.....	20,000	97	1,940,000
July ....	3,770	- 6,230	41,920	567	.....	10,000	89	890,000
Aug. ....	1,840	- 8,160	33,760	557	.....	10,000	80	800,000
Sept. ....	1,220	- 8,780	24,980	546	.....	10,000	68	680,000
Oct. ....	4,660	1,660	26,640	540	.....	3,000	63	189,000
Nov. ....	21,500	18,500	45,140	556	.....	3,000	79	237,000
Dec. ....	22,800	19,800	64,940	578	.....	3,000	100	300,000
	271,090				.....	298,400		30,867,800

W.S.P. #591  
Pg.-257  
Exchequer  
D.A.—1020

30,867,800 Kw-hr @ \$.0045=\$138,905

[754]



## MERCED IRRIGATION DISTRICT

Month 1925	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			64,940					
Jan. ....	21,200	-18,800		578	.....	40,000	100	4,000,000
			46,140					
Feb. ....	106,000	26,000		581	.....	80,000	103	8,240,000
			72,140					
Mar. ....	77,500	-20,900		586	.....	98,400	108	10,627,200
			51,240					
Apr. ....	180,000	84,800		611	.....	95,200	133	12,661,600
			136,040					
May ....	261,000	152,960		679	9,640	98,400	187	18,400,800
			289,000					
June ....	147,000	.....		710	51,800	95,200	193	18,373,600
			289,000					
July ....	48,900	-49,500		701	.....	98,400	193	18,991,200
			239,500					
Aug. ....	15,200	-83,200		672	.....	98,400	184	18,105,600
			156,300					
Sept. ....	4,570	-90,630		623	.....	95,200	145	13,804,000
			65,670					
Oct. ....	7,930	- 70		587	.....	8,000	109	872,000
			65,600					
Nov. ....	8,150	5,150		589	.....	3,000	111	333,000
			70,750					
Dec. ....	11,700	6,700		594	.....	5,000	116	580,000
			77,450					
	889,150				61,440	815,200		124,989,000

W.S.P. #611  
Pg.-183  
Exchequer  
D.A.—1020

124,989,000 Kw-hr @ \$.0045=\$562,451

[755]



## MERCED IRRIGATION DISTRICT

Month 1926	Available Water Supply Acre Feet	Gain or Loss Acre Feet	Lake McClure Storage		Spill Over Capacity of Power Plant Acre Feet	Draft Through Power Plant Acre Feet	Factor Kw-h/Ac. Ft. From Chart E-16	Kw-hr Generation
			Total Water In Storage At end Month Acre Feet	Average Elev. of Water				
			77,450					
Jan. ....	10,100	100	77,550	598	.....	10,000	120	1,200,000
Feb. ....	51,500	11,500	89,050	602	.....	40,000	125	5,000,000
Mar. ....	51,300	-47,100	41,950	587	.....	98,400	109	10,725,600
Apr. ....	204,000	108,800	150,750	612	.....	95,200	134	12,756,800
May ....	167,000	68,600	219,350	666	.....	98,400	181	17,810,400
June ....	47,500	-47,700	171,650	670	.....	95,200	183	17,421,600
July ....	12,100	-86,300	85,350	635	.....	98,400	157	15,448,800
Aug. ....	3,170	-36,830	48,520	588	.....	40,000	110	4,400,000
Sept. ....	2,120	-17,880	30,640	560	.....	20,000	83	1,660,000
Oct. ....	2,560	- 440	30,200	547	.....	3,000	70	210,000
Nov. ....	29,300	26,300	56,500	565	.....	3,000	87	261,000
Dec. ....	24,600	4,600	61,100	581	.....	20,000	103	2,060,000
	605,250				.....	621,600		88,954,200

W.S.P. #631      W.S.P. #651  
Pg.                  Pg.-135

Horseshoe Bend

D.A.—Not measured

88,954,200 Kw-hr @ \$.0045 = \$400,294.00



RESPONDENTS' EXHIBIT "DD-1"

was a supplement to Mr. Heinze's report, reading as follows: [757]

STUDY OF OPERATION OF EXCHEQUER  
POWER PLANT

1902-1938

Merced Irrigation District [758]

Carl A. Heinze

Consulting Electrical Engineer

14th Floor Continental Building

408 South Spring Street

Los Angeles

MUtual 5757

Purpose:

The original study was made of the Merced Irrigation District for the purpose of showing what the results would have been of the operation of the Exchequer Power Plant had the District been formed and the dam and power house been completed during the year 1901. This would have enabled the District to start the storage of water in the reservoir at the beginning of the year 1902. This report sets forth the results of the operation of the plant for the years 1936, 1937 and 1938 to October 31st.

Basis:

The premises originally made was of the reservoir being empty, the equipment installed in the power

house at the Exchequer Dam and ready to operate as of January 1st, 1902. It was also assumed that the present existing contract between the Merced Irrigation District and the San Joaquin Light and Power Corporation for the sale of energy generated at the power house was in effect at the time and that the terms of the contract were identical to present conditions. The controlling demands of the water users below the reservoir were considered to take precedence over the requirements of water for power generation. The irrigation season was taken as the period from March to October inclusive. The maximum load on the plant based on the terms of the contract with the San Joaquin Light and Power Corporation was taken at 31,250 kilowatts at eighty (80) per cent daily load factor.

This factor or ratio of kilowatt hours to the number of acre feet of water passing through the plant was obtained from an analysis made of the District's actual operating results, for their history from 1927 to 1935 inclusive.

#### Sources:

The stream flows for the original study were all taken from the United States Geological Survey, Water Supply papers for the years from 1902 to 1935 inclusive, with the exception of the period from December 1913 to November 1915 inclusive. It was found that gauging stations were moved during this period but that [759] in every case new gauging stations were selected having approximately the

same drainage area. For this period therefore, assumptions were made based upon data in Bulletin No. 5 of the Division of Engineering and Irrigation of the State of California, as shown in Table No. 87 on page 232. The general summary, however, shows average values for the entire period with and without the flow in these two years. The records of the District were used for the period 1936 to 1938 inclusive.

Use:

The study was originally started on January 1st, 1902, with the reservoir empty. Water was allowed to store until sufficient was available to commence generation. From the average water in storage during the month, the average elevation of the water in the reservoir was determined from the capacity curve of the reservoir, as shown on Drawing C-3. With the average elevation of the water obtained, the factor, or ratio of kilowatt hours to acre feet, was then determined for that elevation. The draft through the power house was then multiplied by this factor and the total kilowatt hours for the month determined.

The gross annual revenue was obtained by multiplying the number of kilowatt hours by \$ .0045, the rate in the contract with the San Joaquin Light and Power Corporation.

The operating expenses of the power plant were taken as \$21,500 representing the average of seven years taken from the District's records. Deprecia-

tion on the entire investment in power plant building, equipment, and appurtenant structures, exclusive of the reservoir and dam, was computed on both the straight line method as actually used and set up by the District and on the five per cent sinking fund method, with lives as used by the California Railroad Commission.

The original study showed that for the period 1902 to 1935 inclusive, using estimated figures for 1902 to 1926 inclusive, and actual figures for 1927 to 1935 inclusive, that the average gross income was approximately \$500,000 and that the net income was approximately \$450,000. [760]

The present study extends the time of operation to include the years 1936, 1937, and 1938, the last two months of the latter year being estimated.

This shows that the 37 year average from 1902 to 1938 inclusive, and the 35 year average, leaving out the two years 1914 and 1915 during which no definite records were available, clearly substantiates the values established in the first report. In fact, taking the last three years alone, due to their having been years of heavy rainfall the average values for gross and net revenue were over \$100,000 higher than for the 37 year average. [761]

SUMMARY  
OF  
ESTIMATED AND ACTUAL GROSS REVENUE  
OPERATING EXPENSES AND NET INCOME  
OF  
MERCED IRRIGATION DISTRICT  
FOR YEARS 1902 TO 1938

Straight Line Depreciation  
(District's Method)  
exclusive of Dam and Intake

Estimated

Year	Gross Revenue	Expense		Total Expense	Net Income
		Oper- ating	Depre- ciation		
1902	\$476,618	21,500	22,854	44,354	432,264
1903	598,170	21,500	22,854	44,354	553,816
1904	657,393	21,500	22,854	44,354	613,039
1905	482,955	21,500	22,854	44,354	438,601
1906	761,976	21,500	22,854	44,354	717,622
1907	755,240	21,500	22,854	44,354	710,886
1908	245,725	21,500	22,854	44,354	201,371
1909	815,087	21,500	22,854	44,354	770,733
1910	594,922	21,500	22,854	44,354	550,568
1911	796,407	21,500	22,854	44,354	752,053
1912	297,510	21,500	22,854	44,354	253,156
1913	218,270	21,500	22,854	44,354	173,925
1914*	610,623	21,500	22,854	44,354	566,269
1915*	583,569	21,500	22,854	44,354	539,216
1916	742,600	21,500	22,854	44,354	698,246
1917	615,776	21,500	22,854	44,354	571,422
1918	544,377	21,500	22,854	44,354	500,023
1919	413,859	21,500	22,854	44,354	369,505
1920	480,443	21,500	22,854	44,354	436,089
1921	560,841	21,500	22,854	44,354	516,487
1922	671,382	21,500	22,854	44,354	627,028
1923	566,433	21,500	22,854	44,354	522,079
1924	138,905	21,500	22,854	44,354	94,551
1925	562,451	21,500	22,854	44,354	518,097
1926	400,294	21,500	22,854	44,354	355,940

	Year	Gross Revenue	Expense			Net Income
			Oper- ating	Depre- ciation	Total Expense	
Actual	1927	569,650	26,406	22,854	49,260	520,390
	1928	485,757	25,302	22,854	48,156	437,601
	1929	296,412	23,837	22,854	46,691	249,721
	1930	308,931	22,000	22,854	44,854	264,077
	1931	95,917	17,378	22,854	40,232	55,685
	1932	605,630	20,947	22,854	43,801	561,829
	1933	316,924	19,221	22,854	42,075	274,849
	1934	191,936	15,989	22,854	38,843	153,093
	1935	551,114	22,185	22,854	45,038	506,075
	1936	584,429	20,768	22,854	43,622	540,907
	1937	602,009	21,046	22,854	43,900	558,109
	1938	730,559	21,715**	22,854	44,569	685,990
<hr/>						
Total	37 years	\$18,931,103	\$794,294	\$845,598	\$1,639,892	\$17,291,211
Average	37 years	511,651	21,467	22,854	44,321	467,330
Total	35 years	\$17,736,911	\$751,294	\$799,890	\$1,551,164	\$16,185,727
Average	35 years	506,769	21,467	22,854	44,320	462,449

\* Available water supply estimated during 1914 and 1915

\*\* 10 months actual—2 months estimated.

35 year total and average exclude years 1914 and 1915 during which no stream flow measurements are available.

[762]

SUMMARY  
OF  
ESTIMATED AND ACTUAL GROSS REVENUE  
OPERATING EXPENSES AND NET INCOME  
OF  
MERCED IRRIGATION DISTRICT  
FOR YEARS 1902 TO 1938

5% Sinking Fund Method  
exclusive of Dam and Intake

Estimated

Year	Gross Revenue	Expense			Net Income
		Oper- ating	Depre- ciation	Total Expense	
1902	\$476,616	21,500	10,990	32,490	444,128
1903	598,170	21,500	10,990	32,490	565,680
1904	657,393	21,500	10,990	32,490	624,903
1905	482,955	21,500	10,990	32,490	450,465
1906	761,976	21,500	10,990	32,490	729,486
1907	755,240	21,500	10,990	32,490	722,750
1908	245,725	21,500	10,990	32,490	213,235
1909	815,087	21,500	10,990	32,490	782,597
1910	594,922	21,500	10,990	32,490	562,432
1911	796,407	21,500	10,990	32,490	763,917
1912	297,510	21,500	10,990	32,490	265,020
1913	218,279	21,500	10,990	32,490	185,789
1914*	610,623	21,500	10,990	32,490	578,133
1915*	583,569	21,500	10,990	32,490	551,079
1916	742,600	21,500	10,990	32,490	710,110
1917	615,776	21,500	10,990	32,490	583,286
1918	544,377	21,500	10,990	32,490	511,887
1919	413,859	21,500	10,990	32,490	381,369
1920	480,443	21,500	10,990	32,490	447,953
1921	560,841	21,500	10,990	32,490	528,351
1922	671,382	21,500	10,990	32,490	638,892
1923	566,433	21,500	10,990	32,490	533,943
1924	138,905	21,500	10,990	32,490	106,415
1925	562,451	21,500	10,990	32,490	529,961
1926	400,294	21,500	10,990	32,490	367,804

	Year	Gross Revenue	Expense			Net Income
			Oper-ating	Depre-ciation	Total Expense	
Actual	1927	569,650	26,406	10,990	37,396	532,254
	1928	485,757	25,302	10,990	36,292	449,465
	1929	296,412	23,837	10,990	34,827	261,585
	1930	308,931	22,000	10,990	32,990	275,941
	1931	95,917	17,378	10,990	28,368	67,549
	1932	605,630	20,947	10,990	31,937	573,693
	1933	316,924	19,221	10,990	30,211	286,713
	1934	191,936	15,989	10,990	26,979	164,957
	1935	551,114	22,185	10,990	33,175	517,939
	1936	584,429	20,768	10,990	31,758	552,671
	1937	602,009	21,046	10,990	32,036	569,973
	1938	730,559	21,715**	10,990	32,705	697,854
<hr/>						
Total	37 years	\$18,931,103	\$794,294	\$406,630	\$1,200,924	\$17,730,179
Average	37 years	511,651	21,467	10,990	32,457	479,194
<hr/>						
Total	35 years	\$17,736,911	\$751,294	\$384,650	\$1,135,944	\$16,600,967
Average	35 years	506,769	21,467	10,990	32,456	474,313

\* Available water supply estimated during 1914 and 1915

\*\* 10 months actual—2 months estimated.

35 year total and average exclude years 1914 and 1915 during which no stream flow measurements are available.

[763]

Carl A. Heinze  
ANNUAL REPORT  
OF  
MERCED IRRIGATION DISTRICT  
TO  
FEDERAL POWER COMMISSION  
October 1st—1930  
September 30th—1931

II Tangible Fixed Capital

1. Production Capital

(b) Hydraulic power generation:

312	Hydraulic power plant land	
	(a) Land owned in fee or held under perpetual rights.....	\$ 6,379,466.38
	(b) Land held for a limited period	
313	Hydraulic power plant structures.....	353,206.98
314	Reservoirs, dams, and intakes.....	3,892,828.63
317	Forebays, penstocks and tail races.....	214,808.79
318	Production Roads and Trails.....	7,603.32
319	Water turbines and water wheels.....	154,586.87
320	Electric Equipment—hydro .....	416,914.69
323	Miscellaneous power plant equipment.....	7,384.75
382	Production Communication System.....	661.06
Total hydro-power generation.....		\$11,427,461.47

Note: Capital charges have remained practically constant since completion of project, so that year 1931 is typical and unchanged to date.

[764]

Carl A. Heinze

Merced Irrigation District

OPERATING EXPENSES  
AS SHOWN ON DISTRICT'S BOOKS

<u>Calendar Year</u>	<u>Annual Expense</u>	<u>Remarks</u>
1927	\$ 26,405.90	(Extra high account carrying over
1928	25,302.51	(from construction work
1929	23,837.02	
1930	22,000.18	
1931	17,378.54	(Expense low account lay-off—low
1932	20,947.49	(water
1933	19,221.40	
1934	15,988.69	(Expense low account time partially
1935	22,185.05	(chargeable to construction work
1936	20,768.18	
1937	21,045.54	
1938	21,715.00	(Ten months actual—two months (estimated
Total	\$256,795.50	

Annual average—\$21,400.00

DETAIL OF OPERATING EXPENSES  
FOR YEAR 1937

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
731	Power House Superintendence.....	\$ 2,400.00
733	Station Labor .....	10,619.61
734	Miscellaneous Labor .....	4,990.12
735	Miscellaneous Supplies .....	1,634.79
746	Maintenance Production	
	Roads and Trails.....	144.80
747	Maintenance of water wheels and turbines .....	—
756	Production Rents .....	922.93
	Sub-total .....	\$20,712.25
	Add depreciation .....	333.29
	Total expense .....	\$21,045.54

Taken from District's Books

11-4-38

[765]

Carl A. Heinze

Merced Irrigation District

DETAIL OF  
CAPITAL INVESTMENT AND ANNUAL CHARGE TO DEPRECIATION RESERVE ON STRAIGHT LINE BASIS

Aect. No		Capital	Per Cent	Annual Depreciation
313.	Hydraulic P. P. Structures:			
.1	Operators Cottages .....	\$ 17,711.23	2	\$ 354.22
.2	Office Bldg. School, etc.....	16,381.72	8	1,310.54
.3	Refrigeration Plant .....	1,569.10	10	156.91
.4	Power House Bldg.....	311,488.84	1	3,114.89
.5	Camp Water Supply.....	6,056.09	2.5	151.40
314.	Reservoir Dam and Intake.....	3,892,828.63	1	38,928.29
317.	Penstocks .....	214,808.79	1.5	3,228.13
319.	Water Wheels and Turbine.....	154,586.87	2.5	3,864.67
320.	Electrical Equipment .....	416,914.69	2.5	10,422.87
323.	Misc. Power Plant Equipment.....	7,384.75	2.5	184.62
382.	Communication System Tel.....	661.06	10	66.11
		\$5,040,391.77		\$61,782.65
	Less Reservoir and Dam.....	3,892,828.63		38,928.29
		\$1,147,563.14		\$22,854.36

Taken from books of the District—2-4-36.

[766]

Carl A. Heinze

Merced Irrigation District

DETAIL OF  
CAPITAL INVESTMENT AND ANNUAL CHARGE TO DEPRECIATION RESERVE AS OF DECEMBER 31, 1935

Based on lives established by  
California Railroad Commission  
5% Sinking Fund Method

Acct. No.		Capital	Life Years	Annual Depreciation
313.	Hydraulic P. P. Structures:			
.1	Operators Cottages .....	\$ 17,711.23	30	\$ 266.55
.2	Office Bldg., School, etc.....	16,381.72	30	246.54
.3	Refrigeration Plant .....	1,569.10	10	124.74
.4	Power House Building.....	311,488.84	40	2,576.01
.5	Camp Water Supply.....	6,056.09	15	280.64
314.	Reservoir Dam and Intake.....	3,892,828.63	50	18,607.72
317.	Penstocks .....	214,808.79	50	1,026.79
319.	Water Wheels and Turbines.....	154,586.87	35	1,711.28
320.	Electrical Equipment .....	416,914.69	35	4,615.25
323.	Miscellaneous Power Plant Equip- ment .....	7,384.75	30	111.14
382.	Communication System Tel.....	661.06	15	30.63
		<hr/>		<hr/>
		\$5,040,391.77		\$29,597.29
	Less Reservoir and Dam.....	3,892,828.63		18,607.72
		<hr/>		<hr/>
		\$1,147,563.14		\$10,989.57

Sinking Funds may be invested:

1. In addition to capital.
2. In purchase of own bonds.
3. In purchase of other bonds.

[767]

## RESPONDENTS' EXHIBIT "EE"

## POWER CONTRACT

This exhibit was a copy of the agreement dated February 21, 1924, between Merced Irrigation District and South San Joaquin Light and Power Corporation, and it provided that the district agreed to deliver and sell to the Power Company the entire electric output of the hydro-electric plant excepting such as might be required in the operation of the reservoir and plant. The power company agreed to accept and pay for such electric output.

The electric energy to be delivered and received was to be three phase, sixty cycle, alternating current and to be received by the power company at the transmission line terminal air switch at Exchequer plant; the power company agreed to have suitable high tension transmission lines and facilities adequate for receiving the electric energy, and that it would receive this energy with the total output possible from the water passing through the plant, either from storage or natural flow; it is further agreed that water passing through the power plant is to be used for irrigation when so desired by the district, and that the delivery of water to the power plant must be governed by irrigation requirements.

Paragraphs VI and VII of this agreement read as follows:

## VI.

All power delivered and received pursuant to the terms of this agreement shall be paid for by Power

Company at the rate of four and one-half mills (\$.0045) per kilowatt hour, but if the storage reservoir herein referred to shall not within three years from the date hereof be constructed to a capacity of at least 250,000 acre feet, all electric energy thereafter delivered and received under the terms of this agreement shall be paid for at the rate of four and three tenths mills (\$.0043) per kilowatt hour, but when the said reservoir is constructed to a capacity of at [768] least 250,000 acre feet all electric energy thereafter delivered and received shall be paid for at the rate of four and one-half mills (\$.0045) per kilowatt hour.

## VII.

All electric energy which shall be sold and purchased hereunder shall be paid for by Power Company on or before the 20th day of the calendar month next succeeding the calendar month in which such energy shall have been delivered.

Paragraph X provided:

This contract shall be and remain in full force and effect for the term of twenty (20) years from and after its date and the same may be renewed by Irrigation District for an additional term of twenty (20) years by giving one (1) year's notice of its intention so to do. [769]

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## RESPONDENTS' EXHIBIT "FF"

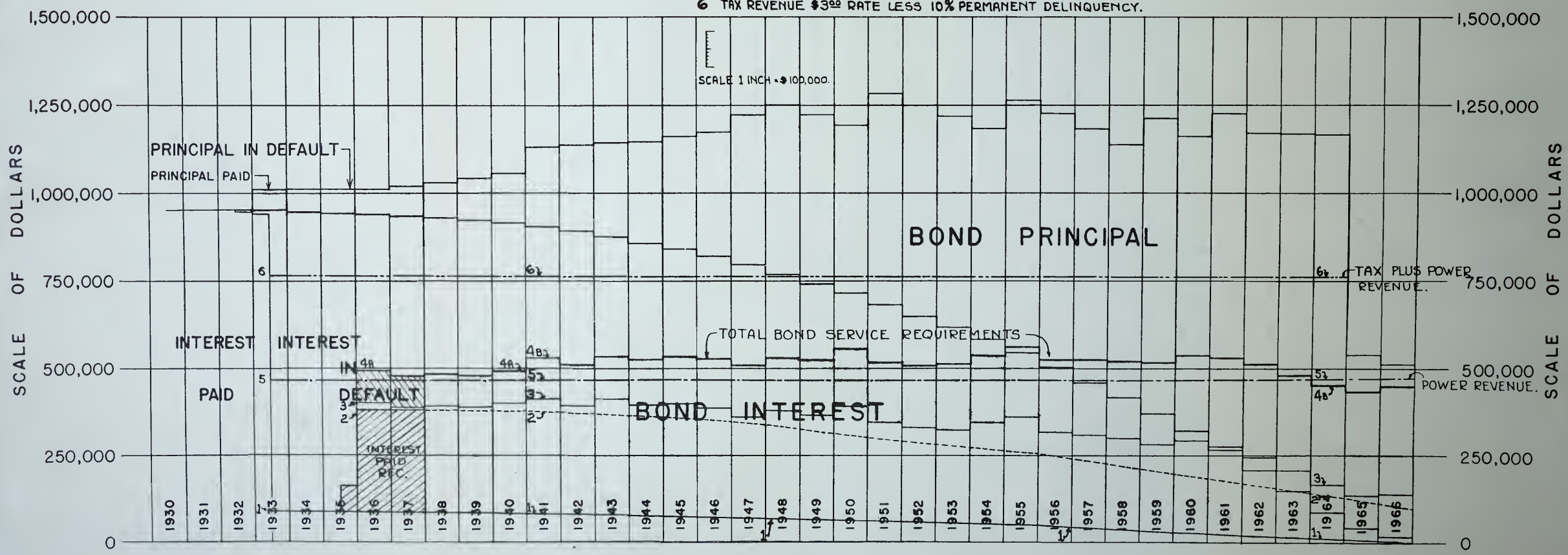
was a graph superimposed upon Petitioner's Exhibit 24, as follows: [770]

IN DEFAULT JANUARY 1, 1938:

BOND INTEREST	\$4,731,105
BOND PRINCIPAL	386,000
INTEREST ON REGISTERED COUPONS	712,589
TOTAL	\$5,829,694

- BOND SERVICE COSTS AND DEFAULTS**
- 1 INTEREST ON OUTSTANDING NONCONSENTING BONDS.
  - 2 INTEREST ON RFC ACTUAL LOAN (\$756,721.50).
  - 3 PRINCIPAL PAYMENTS ON MATURING NONCONSENTING BONDS.
  - 4A RFC MATURITY REQUIREMENTS.
  - 4B RFC RESERVE FUND REQUIREMENTS.
  - 5 AVERAGE ANNUAL POWER INCOME ON 5% SINKING FUND BASIS.
  - 6 TAX REVENUE \$3.00 RATE LESS 10% PERMANENT DELINQUENCY.

**MERCED IRRIGATION DISTRICT**





## RESPONDENTS' EXHIBIT "GG"

was a statement of bond maturity dates of matured bonds, as follows:

Jan. 1	R. F. C.	All Others	Total
1933 .....		1,000—	1,000—
1934 .....	59,000—	4,000—	63,000—
1935 .....	56,000—	11,000—	67,000—
1936 .....	53,000—	18,000—	71,000—
1937 .....	80,000—	5,000—	85,000—
1938 .....	86,000—	14,000—	100,000—
	<hr/>	<hr/>	<hr/>
	334,000	53,000	\$387,000—

E. E. NEEL. [772]

## RESPONDENTS' EXHIBIT "HH"

Order No. 54 of the California Districts Securities Commission approving feasibility of voting re-funding bonds:

### REPORT

To the Board of Directors of the Merced Irrigation District:

Whereas, the Board of Directors of the Merced Irrigation District has by resolution dated February 11, 1935, made application to the Commission provided for by the California Districts Securities Commission Act, approved June 19, 1931 (Chapter 1073, Statutes of 1931), for an investigation and report upon the matters contemplated by Sections 32a, 32b, 32c, 32d and 32e of the California Irrigation District Act as amended; and

Whereas, the California Bond Certification Commission, the duties, powers, responsibilities and jurisdiction of which are by Section 15 of the said California Districts Securities Commission Act vested in the California Districts Securities Commission, has heretofore made investigations and reports upon the affairs of the said Merced Irrigation District, by which reports the bonds of the said district in the following principal amounts are entitled to certification by the State Controller as available for the purposes defined in Section 7 of the California Bond Certification Commission Act:

First Issue—First Division.....	\$3,120,000,
“ “ —Second Division.....	1,800,000,
“ “ —Third Division.....	1,320,000,
“ “ —Fourth Division.....	5,760,000,
Second Issue .....	3,250,000,
Third Issue .....	1,000,000;

and

Whereas, the Board of Directors of said Merced Irrigation District has caused an examination and various investigations to be made of the lands within the boundaries of said district and of the water, water rights, canals, reservoirs and other pertinent works of said district and deems it advisable to refund the present outstanding bonds in the following amounts:

First Issue—First Division.....	\$3,060,000,
“ “ —Second Division.....	1,800,000,
“ “ —Third Division.....	1,320,000,
“ “ —Fourth Division.....	5,760,000,
Second Issue .....	3,250,000,
Third Issue .....	1,000,000,

through a loan not to exceed \$8,600,000 from the Reconstruction Finance Corporation in accordance with the terms of a resolution of the Executive Committee of said Corporation adopted November 14, 1934; and

Whereas, said Board of Directors by resolution dated December 11, 1934, has duly accepted said loan; and

Whereas, the California Districts Securities Commission [773] has examined the said resolution of the Executive Committee of the Reconstruction Finance Corporation and other data submitted concerning the aforementioned plan of refunding and has made further examination of the district's development and is of the opinion that it is for the best interests of the Merced Irrigation District to refund its outstanding bonds in the aggregate principal amount of \$16,190,000 by accepting said loan from the Reconstruction Finance Corporation; and

Whereas, the California Districts Securities Commission has found and determined that the amount of the refunding bonds to be issued, together with all other outstanding bonds of the district, including bonds authorized but not sold, does not exceed sixty (60) per centum of the aggregate value of the water water rights, canals, reservoirs, reservoir sites, irrigation works and other property owned by the district and the reasonable value of the lands within the boundaries of the district and that said project is economically sound and feasible;

Now, Therefore, We, the undersigned members of the California Districts Securities Commission, do hereby make the following report to the Board of Directors of Merced Irrigation District approving the said refunding plan as set forth in said resolution of the Executive Committee of the Reconstruction Finance Corporation and authorizing said Board of Directors to proceed with said refunding plan:

(1) That the amount of the loan necessary to refund the outstanding bonds of Merced Irrigation District should not exceed Eight Million Six Hundred Thousand Dollars (\$8,600,000).

(2) That in our opinion Merced Irrigation District is justified in issuing refunding bonds in the principal amount of Eight Million Six Hundred Thousand Dollars (\$8,600,000.00), bearing interest at the rate of four (4) per centum per annum payable semi-annually, no part of the principal thereof to mature during the first five (5) years of the period of the loan, said bonds to mature thereafter in annual installments over a period of thirty-five (35) years in such amounts that the total of the sums payable for interest and principal shall be approximately equal each year.

(3) That said refunding bonds be issued to repay the Reconstruction Finance Corporation for equal amounts of loans provided by said Corporation for the payment of the said district's present outstanding bonds in accordance with Sections 32a, 32b, 32c, 32d and 32e

of the California Irrigation District Act and with Section 11 of the Act entitled "An act to authorize irrigation districts to co-operate and contract with the United States under the provisions of the Federal reclamation laws for a water supply, or the construction, operation or maintenance of works, including drainage works, or for the assumption by the district of indebtedness to the United States on account of district lands; and to provide the manner and method of payments to the United States under such contract, and for the apportionment of assessments, and the levy thereof, upon the lands of the district to secure revenue for such payments, and to provide for the judicial revenue and the determination of the validity of the proceedings in connection with such contract, and to provide for construction of works by the district; to [774] provide for the borrowing or procuring of money from the United States or any agency thereof and the entering into contracts, and/or the issuance of bonds, warrants or other evidence of indebtedness for the repayment thereof.", approved May 5, 1917, Statutes of 1917, page 243, and amended Statutes of 1929, page 208, and Statutes of 1933, page 2394.

(4) That the said Board of Directors is hereby authorized to make such expenditures as may be necessary to defray the cost of refunding said outstanding bonds in accordance with

the proposed plan, said expense being estimated at \$38,000.00.

(5) That the district is hereby authorized to enter into an agreement with said Reconstruction Finance Corporation which shall provide that the district will at all times levy and collect assessments in full compliance with the covenants of paragraphs 8(b) and 8(f) of said resolution of the Executive Committee of Reconstruction Finance Corporation and shall further provide that the District will set up a reserve as required by paragraph 8(f) of said resolution of the Executive Committee of Reconstruction Finance Corporation, and this Commission approves and agrees to the amounts of such assessments and the setting up of such reserve fund and further agrees that the amounts of such assessments will not by any action of this Commission be reduced below the amounts required by said resolution of the Executive Committee of Reconstruction Finance Corporation.

CALIFORNIA DISTRICT

SECURITIES COMMISSION,

(Signed) U. S. WEBB,  
H. E. VOGEL,  
M. J. DOWD,  
F. W. RICHARDSON.

Attest:

(Signed) HARMON S. BONTE,  
Executive Secretary.

Dated at San Francisco, California, this 15th day  
of February, 1935. [775]

RESPONDENTS' EXHIBIT No. II

GRAPH

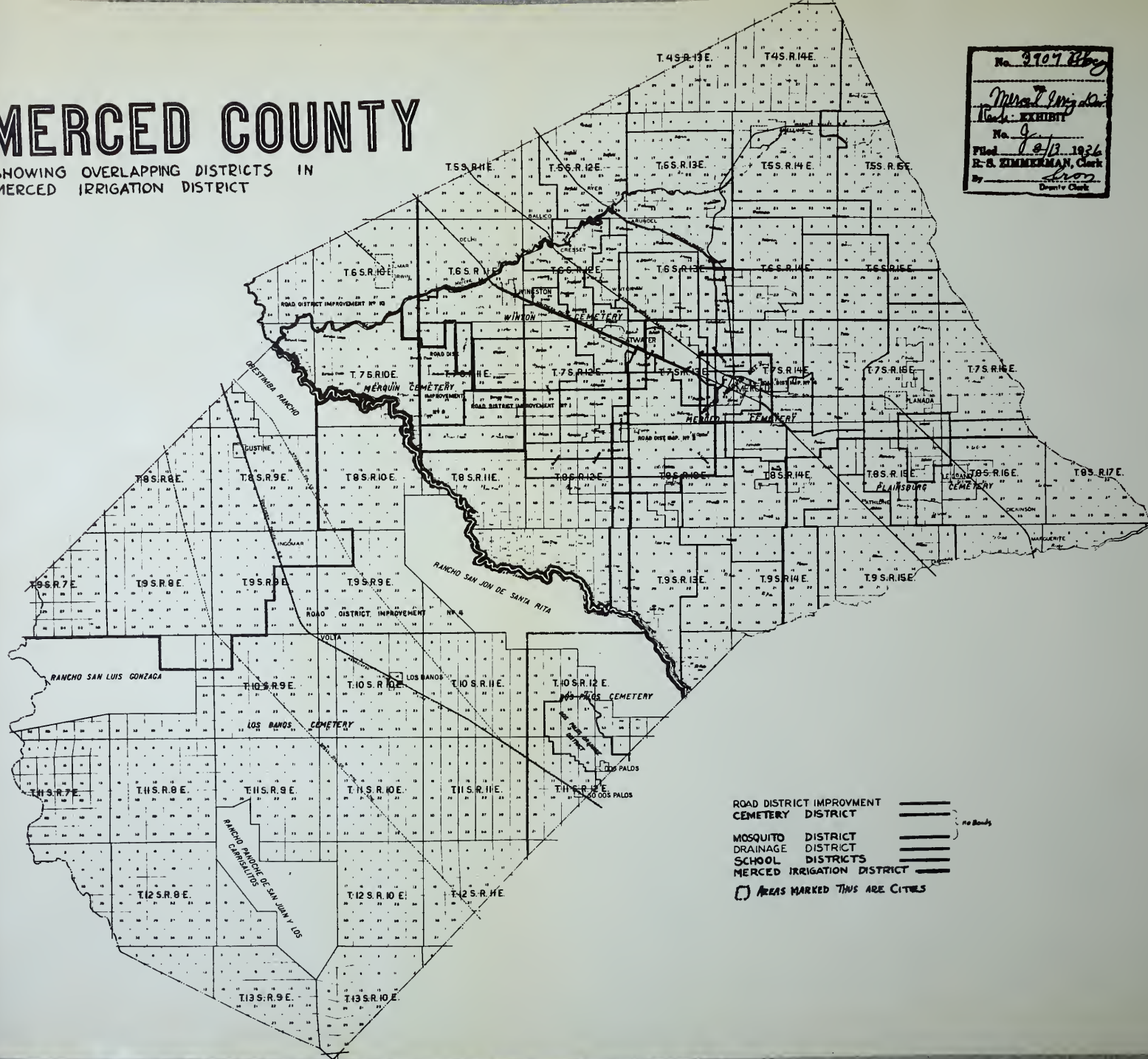
This exhibit was a graph, being a map of Merced County, including the Merced Irrigation District, upon which were superimposed the road district, the cemetery district, the drainage district, and the mosquito district and the school districts, showing that these districts completely overlap the Merced Irrigation District. [776]



# MERCED COUNTY

SHOWING OVERLAPPING DISTRICTS IN  
MERCED IRRIGATION DISTRICT

No. 3707 *BB*  
*Merced Irrigation*  
 Exhibit  
 No. 9  
 Filed 8/13/1926  
 R. S. ZIMMERMAN, Clerk  
 By *W. J. Dwyer*  
 Deputy Clerk





RESPONDENTS' EXHIBIT "JJ"

was a table showing acreage in County, Merced  
Irrigation District valuation, tax rates and bonds  
outstanding, as follows: [777]



## TAXES AND ASSESSMENTS

1,221,000 Ac.

	TOTAL ACREAGE	ACREAGE IN M. I. D.	TOTAL VALUATION	TAX RATE	BONDS OUTSTANDING
MERCED COUNTY	1,005,640 Mi.	180,590	52,799,500.	1.33 1.15	861,000

ROAD DISTRICTS	Nº 1	104,960.40	45,080.	3,161,480.	.90	165,752.
	Nº 2	24,960.	22,240.	895,315.	1.00	48,431.
	Nº 5	10,880.	5,600.	213,425.	2.00	5,565.
	Nº 10	52,500.	800.	2,382,015.	1.00	134,713.
	Nº 14	44.	44.	29,825.	55.00	89,847.

HIGH SCHOOLS	HILMAR	66,360	4,480.	3,351,105.	.60	3,750.
	LE GRAND	113,000.	19,400.	4,522,760.	.30	17,500.
	MERCED UNION	469,120.	157,170.	27,884,665.	.30	87,500.

GRAMMAR SCHOOLS	APPLEGATE	8,640.	6,500.	316,770.	2.70	800.
	ARENA	4,540.	4,540.	493,660.	2.47	
	ARUNDEL	11,280.	4,820.	599,635.	1.85	
	BARFIELD	17,540.	520.	505,200.	1.60	
	BUHACH	2,240.	2,240.	265,750.	2.60	
	CRESSEY	6,460.	4,380.	485,765.	1.82	2,000.
	EL CAPITAN	10,880.	8,160.	251,640.	2.60	
	ESCHSCHOLTZIA	8,960.	3,360.	871,335.	1.75	
	FARMDALE	5,920.	4,780.	357,975.	2.00	400.
	FRANKLIN	7,080.	5,960.	719,175.	2.80	
	FRUITLAND	3,280.	3,280.	401,785.	1.80	
	HOPETON	13,040.	4,000.	692,605.	1.55	
	JORDAN	9,920.	8,000.	506,010.	1.60	
	LE GRAND	15,920.	3,800.	1,362,830.	1.95	
	LONE TREE	61,760.	5,840.	830,425.	2.75	
	LIVINGSTON (IN)	624.	624.	468,775.	2.85	12,000.
	LIVINGSTON (OUT)	18,406.	14,846.	1,490,125.	2.95	
	MERQUIN	24,480.	4,480.	1,328,360.	4.30	
	MERCED COLONY	4,130.	4,130.	930,850.	1.65	
	MERCED UNION (IN)	1,775.	1,775.	5,730,440.	2.10	42,000.
	MERCED UNION (OUT)	27,745.	10,865.	1,458,880.	2.20	
	M <sup>Y</sup> SWAIN	15,520.	8,870.	667,275.	2.77	2,500.
	MITCHELL (IN)	852.	852.	521,910.	1.95	5,000.
	MITCHELL (OUT)	5,868.	5,708.	579,540.	2.05	
	PLAINSBURG	5,680.	2,120.	524,790.	1.60	
	PLANADA	29,820.	8,900.	1,172,475.	1.75	
	PIONEER	18,470.	7,730.	804,385.	1.75	2,000.
	ROTTERDAM	14,000.	3,450.	228,820.	1.60	
	RUSSELL	18,960.	1,200.	397,575.	1.75	
	SAVANA	6,400.	4,120.	476,330.	2.15	2,000.
	SNELLING	54,480.	4,640.	1,193,040.	1.55	
	TUTTLE	16,120.	9,910.	993,220.	1.60	
	WASHINGTON	24,000.	6,510.	700,090.	1.57	
	WINTON	4,160.	4,080.	500,200.	2.35	3,500.
	WHITMER	5,760.	5,600.	401,585.	2.55	400.

LIGHTING DISTRICTS	LE GRAND		360.	172,775.	.20
	PLANADA		800.	168,960.	.25
	SNELLING		160.	165,125.	.15
	WINTON		1,120.	189,555.	.02

CEMETERY DISTRICTS	MERCED	213,120.	86,160.	15,724,840.	.05
	MERQUIN	39,680.	4,480.	1,328,375.	.05
	PLAINSBURG	88,320.	14,800.	3,607,855.	.05
	WINTON	71,680.	62,200.	6,738,990.	.02

MERCED MOSQUITO DIST.		10,880.	7,198,020.	.05	
FRUITLAND DRAIN DIST.					3,100.
DRAINAGE DIST. Nº 1		2,850.	2,850.		4,500.
DRAINAGE DIST. Nº 2		5,880.	5,880.		21,450.

CITIES	ATWATER	852.	852.	1.25	53,200.
	LIVINGSTON	624.	624.	1.00	88,195.
	MERCED	1,775.	1,775.	1.05	101,260.

3997 Abc  
Original long sheet  
EXHIBIT  
No K  
Filed 2/3 1936  
H. S. ZIMMERMAN, Clerk  
MERCED COUNTY



## RESPONDENTS' EXHIBIT "KK"

was a statement prepared by the Merced Irrigation District as to bond issues of various improvement districts, and which is set out in Respondents' Exhibit "OO" at page 109.

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## RESPONDENTS' EXHIBIT "LL"

EXTRACTS FROM BOARD OF  
EQUALIZATION REPORT.

This exhibit consisted of extracts from the report of the California State Board of Equalization for the year 1929-30. This report recited that property taxed on an ad valorem basis in California is not assessed ordinarily at its full market value; that the assessments average 39.93 per cent of the appraised or market value of the property, however, that there are wide variations in the average in the several counties of the state; that to determine the percentage of actual value the board ascertained the actual value of selected properties in each county for comparison with the values as fixed by the county assessor on the same properties. Separate calculations were made as to property inside and outside of the cities. As a result of the calculation made the board finds the average local tax levied in 1930, represented 1.757 per cent of the market or actual value of the property taxed.

About 5000 parcels of property were selected for appraisal in forty-one counties. These forty-one

counties contained 98.02% of the non-operative property in California, excluding intangibles.

From this study it appears that the property within the cities in Merced County was assessed at \$6,053,205.00 and that this is but 28.23% of the actual value of such property. The actual value of such property was \$21,442,455.00.

It also appears that property outside the cities, located within the Merced County was assessed for \$29,707,160.00 and this [778] was but 25.96% of the actual value of such property. The actual value of such property was \$114,434,361.00. This did not include solvent credits or intangible property or operative property of public utilities.

Extracts from the report of the same board for 1931-1932 were in like form and found as to Merced County that the property within the cities was assessed at \$5,976,506, which was 29.57% of the actual value. The actual value was \$20,211,384.00. The property outside of cities in Merced County was assessed at \$27,972,857.00 which was but 29.95% of the actual value. The actual value was \$93,398,521.00.

For the year 1933-1934 the findings of the board were that as to Merced County the total assessment for taxation of all property for county, city, and school district purposes was \$32,815,885.00. The actual value of the property being \$94,242,242.00. The property being assessed at 34.82% of its actual value.

For the year 1935-1936 the findings are that the operative property of the public utilities in Merced County were assessed at \$7,900,355.00 for the year 1935 and that the assessed value on all property, real and personal, within the county of Merced is the sum of \$44,978,050.00 for the same year; that real estate without improvements was assessed at \$29,725,280.00. The improvements were assessed at \$9,325,700.00. [779]

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## RESPONDENTS' EXHIBIT "MM"

### PETITION FOR DEBT READJUSTMENT

This is the same as Respondents' Exhibit "P", the exhibit having been offered twice, and which is set out in Respondents' Exhibit "OO" at page 10.

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## RESPONDENTS' EXHIBIT "NN"

### SUMMARY OF PLEADINGS

This exhibit consisted of the summary of the pleadings and proceedings upon those pleadings appearing on pages 41 to 54 of Respondents' Exhibit "OO" offered in lieu of the original pleadings. This offer of evidence which was admitted also was so much of the record in the former case as purports to show the giving of notice to creditors of Merced Irrigation District, the order of the court fixing the hearing, the affidavit of publication of

the notice that was given and of the service and mailing notice to the dissenting bondholders. Also see Respondents' Exhibit "OO" pages 41 to 54.

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## RESPONDENTS' EXHIBIT "OO"

### CERTIORARI RECORD

This is the Transcript of Record of the Supreme Court of the United States in the case of Merced Irrigation District, et al., vs. Reed J. Bekins, et al., of which the original exhibit is attached. [780]

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## RESPONDENTS EXHIBIT "PP"

was the Writ of Mandate by the Circuit Court of Appeals, dated April 12, 1937, reading as follows:  
[781]

United States of America—ss.

The President of the United States of America  
To the Honorable the Judges of the District Court  
of the United States for the Southern District  
of California, Central Division, Greeting.

Whereas, lately in the District Court of the United States for the Southern District of California, Central Division before you or some of you in the Matter of the Merced Irrigation District, debtor, Number 3907 in Bankruptcy, the Final Decree was

duly filed and entered on the 4th day of March, 1936, which said Decree is of record and fully set out in said matter in the office of the Clerk of the said District Court, to which record reference is hereby made, and the same is hereby expressly made a part hereof, and as by the inspection of the transcript of the record of the said District Court which was brought into the United States Circuit Court of Appeals for the Ninth Circuit by virtue of an appeal prosecuted by Reed J. Bekins and Milo W. Bekins, as executors of the estate of Martin Bekins, deceased, et al., as appellants against Merced Irrigation District, the Reconstruction Finance Corporation, a corporation, et al., as appellees, agreeably to the act of Congress in such cases made and provided fully and at large appears:

And whereas, on the 12th day of April in the Year of Our Lord One Thousand Nine Hundred Thirty-Seven, the said cause came on to be heard before the Circuit Court of Appeals on the said transcript of the record and on motion of appellants for reversal of the decree of the District Court herein, and was duly submitted:

On consideration whereof, it is now here ordered, adjudged and decreed by this court that the motion be and hereby is granted and that the decree of the said District Court in [782] this cause be and hereby is reversed with costs in favor of the appellants and against the appellees, and that this cause be

and hereby is remanded to the said District Court with directions to dismiss the cause.

It is further ordered, adjudged and decreed by this Court that the appellants recover against the appellees for their costs herein expended and for execution therefor.

(April 12, 1937)

You, therefore, are hereby commanded, that such execution and further proceedings be had in the said cause in accordance with the decree of this Court and as according to right and justice and the laws of the United States ought to be had the said decree of the said District Court notwithstanding.

Witness the Honorable Charles E. Hughes, Chief Justice of the United States, the 24th day of May, in the year of Our Lord, One Thousand Nine Hundred Thirty-Seven.

Signed by O'Brien.

Costs taxes—\$90.50. [783]

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## RESPONDENTS' EXHIBIT "QQ"

### JUDGMENT PURSUANT TO MANDATE

This exhibit was the judgment of the District Court in the former Merced case entered pursuant to the mandate of the Circuit Court of Appeals shown by the preceding Exhibit "PP," as follows:

In the United States District Court in and for the  
Southern District of California, Northern Di-  
vision.

No. 3907 in Bankruptcy

In the Matter of the

MERCED IRRIGATION DISTRICT,

an Irrigation District,

Debtor.

### DECREE OF DISMISSAL

In this cause a Final Decree having been rendered and entered by this court March 4, 1936, and an appeal having thereafter been regularly taken by Florence Moore, American Trust Company, as trustee, Crocker First National Bank, as trustee, Mary E. Morris, West Coast Life Insurance Company, Pacific National Bank of San Francisco, Rose Pauson, Gertrude Pauson, Jeanette P. Haber, Frank Pauson & Son, Dr. Conrad Weil, Peter tum Suden and Richard tum Suden, as trustees for William A. Lieber, Peter tum Suden and the Bank of America National Trust and Savings Association as Trustees for William A. Lieber, Reed J. Bekins and Milo W. Bekins as Executors of the Estate of Martin Bekins, deceased, Reed J. Bekins, Chas. D. Bates and Lucretia B. Bates, James Irvine, E. D. Woodward, W. S. Jewell, George H. Evans, J. R. Dempster, Roy R. Dempster, D. R. Dempster and M. C. Dempster as trustees, M. R. Dempster, Theo. F.

Thieme, Miriam H. Parker, D. Lyle Chirardelli, R. J. McMullen, J. Rupert Mason, F. F. G. Harper, Fletcher G. Flaherty, Sherman Stevens, Cogswell Polytechnical College, Avery-Fuller Children's Center, N. O. Bowman, Cooley Butler, Stephen H. Chapman, Grayson Dutton, H. S. Dutton, Carl Feldman, Tabitha F. Griffin, Emogene Cowles Griffin, J. N. Gillett, Claire S. Heller, Flora Hatton, Geo. Habenicht, Otis M. Judson, A. M. Kidd, Mrs. Amelia Kingsbaker, James H. Jordan, Dante Muscio, Sophia Mackenzie, Nettie Mackenzie, Gilbert H. Pearsall, Joseph S. Ray, Mrs. Florence S. Ray, Wm. F. Shanahan, Julia Sunderland, Seth R. Talcott, S. [785] Joseph Theisen, Alma H. Woore, A. A. Watson, Frances V. Wheeler, Henry Freiberg, Mr. and Mrs. J. H. Fine, Hazel J. Hackenbach, Tulokay Cemetery Association, Edna Bicknell Bagg, John Bicknell Bagg, Mary B. Cates, Barker T. Cates, Horace B. Cates, Nancy Bagg Eastman, Charles C. Bagg, Mildred Nancy Cates Stephens, Mary Edna Cates, John D. Bicknell Bagg, J. C. Titus, Mrs. Fanny M. Dole, George F. Covell, Grace Covell, A. E. Julien, Edward J. Greenhood and W. H. Heller, to and prosecuted in the United States Circuit Court of Appeals for the Ninth Circuit, and the said cause, on the hearing thereof, having been reversed, with costs, in favor of the appellants and against the appellees, by the United States Circuit Court of Appeals for the Ninth Circuit, on the transcript of the record and on motion

of appellants therefor, and a mandate of the said United States Circuit Court of Appeals for the Ninth Circuit, having come down to this court reversing the decree entered herein and directing that the cause be dismissed;

It is ordered, adjudged and decreed that the Final Decree entered herein on the 4th day of March, 1936, be and the same hereby is vacated, annulled, set aside and declared void and ineffective for any purpose, and the petition of Merced Irrigation District herein for debt readjustment and this cause is hereby dismissed and all orders restraining the creditors of said district from asserting or prosecuting their, or any of their, claims against said Merced Irrigation District are vacated, and judgment is entered herein in favor of said appellants and respondents, for their costs in accordance with said mandate of the United States Circuit Court of Appeals for the Ninth Circuit in the amount of \$90.50 and for their costs incurred in this court in the amount of \$421.34 against the petitioner and appellee, Merced Irrigation District, for which execution shall issue.

Dated: July 6, 1937.

GEO. COSGRAVE

United States District

Judge. [786]

Approved as to form as provided for by Rule 44:

C. RAY ROBINSON

H. K. LANDRAM

STEPHEN W. DOWNEY

Attorneys for Petitioner.

ORRICK, PALMER &

DAHLQUIST

Attorneys for Interveners,

Bondholders Protective

Committee and

Reconstruction Finance

Corporation.

[Endorsed]: Respondents Exhibit QQ. Filed Nov.  
25, 1938. [787]

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### RESPONDENTS' EXHIBIT "RR"

History of Merced District as contained in Respondents' Exhibit "OO" at page 118. [788]

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### RESPONDENTS EXHIBIT "SS"

was a copy of Minute Order of the Superior Court, Merced County, in case of R. F. C. vs. M. I. D., No. 11604, as follows:

I hold the California Irrigation District Refinancing Act of 1937 to be constitutional, and therefore

all actions which might interfere with the settlement proposed in case no. 11675 of this court are stayed until final determination of said case. However, in spite of such stay, the court has power to rule on the matters submitted to it, subject to said stay.

In this action if the minority bondholders are right in some, if not all, of their contentions they have a sufficient interest to warrant intervention.

It is hereby ordered that further proceedings in this suit be stayed until final determination of Matter of Petition of Merced Irrigation District No. 11675, and defendant is given until 10 days after said determination to answer the complaint and either or any party is given until such time to answer any other pleading to which an answer is proper.

Subject to said stay of proceedings the following rulings are hereby made:

The various motions of R. F. C. and M. I. D. to dismiss complaints or cross-complaints in intervention and to set aside interventions already permitted by ex parte orders are denied and the demurrers to said complaints and to the cross-complaint of Claire Strauss are over-ruled, and the motions to strike said pleadings are denied. The motions of Sherman Stevens, et al., of Cogswell Trustees, etc. of West Coast Life Insurance Company, of Mary E. Morris, of Pacific National Bank, and of tun Suden, et al., respectively to intervene, are granted, with the proviso above set forth that no answer to

any pleading is required until 10 days after final determination of said proceedings No. 11675.

October 25th, 1937.

ALBERT F. ROSS,

Judge of the Superior Court,  
presiding. [789]

## RESPONDENTS' EXHIBIT "TT"

### COMPLAINT IN INTERVENTION

This exhibit was a copy of a petition and complaint in intervention filed by the trustees of Cogswell Polytechnical College in the case of Reconstruction Finance Corporation vs. Merced Irrigation District, described in petitioner's Exhibit No. 17.

By this complaint the Cogswell Polytechnical College alleged that it is the owner of \$50,0000 of the original bonds of the Merced Irrigation District of which one bond had matured, and as to which there are unpaid coupons for interest detached from all the bonds from July 1, 1933 and subsequently, representing interest at 6% per annum, and that the bond and these coupons were wholly unpaid, and further alleged on information and belief, that the defendant Merced Irrigation did not intend to make any defense to the action brought by the Reconstruction Finance Corporation, but intends to default; deny that the plaintiff is the owner or holder of any of the bonds described in its complaint or any of the coupons referred to therein; deny that there is a controversy between

the parties as to the rights and obligations of the plaintiff and defendant and allege that the bonds and coupons were fully discharged and paid; the College further claimed an interest in the matter of the litigation and asked that the plaintiff take nothing by its complaint and that it be declared that the bonds and coupons of the district claimed by the plaintiff be null, void, and no longer outstanding, and that it is adjudged that the Reconstruction Finance Corporation is not the owner or holder thereof, but that they are wholly invalid and void and that there is no indebtedness existing, arising out of said bonds, coupons, or interest from the defendant Merced Irrigation District to the plaintiff Reconstruction Finance Corporation. [790]

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### RESPONDENTS' EXHIBIT "UU"

Portions of Bulletin 21-H of Division of Water Resources of the Department of Public Works of the State of California, being a report on irrigation districts in California for the year 1936, portions of which were read in evidence as follows:

Page 16, under Chapter III of Financial Review—

"Disbursal of loan funds were made by eighteen districts to take up portions of old issues that had been deposited in acceptance of compromises agreed upon. Refunding bonds were in most cases not issued. The R.F.C. accepted

and held old bonds as security for the loans advanced until practically one hundred per cent of the outstanding issues of the districts had been turned in."

In table 1, table 2 and table 3, referring to statistical data relating to the Merced Irrigation District, and comparing that with statistical data relating to the Turlock Irrigation District, we find, in Table 1 under "Capacity, acre feet," for Merced, 289,000, and total acre feet, distribution of water, 498,000. Under Turlock, for the same year, we find reservoir capacity of 226,000 and distribution 440,000. In table No. 2 we find, under gross area, Merced, 189,000 odd and irrigable area 165,000 odd. Under Turlock we find 181,000 gross odd, that is, I am not giving the exact number, and irrigable area 162,000 odd. In table 3, under the summary of assessments levied, tax certificates sold and so forth, under Merced, we find total assessed valuation \$12,078,000. Under Turlock we find \$13,373,000. We find the rate per \$100 for Merced, \$3, and for Turlock, \$2.76. We find the total assessment levied for Merced as \$342,000. I am just giving the round numbers. And for Turlock we find \$353,000. We find revenues collected in 1936 for water tolls and water and power sales, Merced \$601,000, and Turlock, \$663,000. [791]

## RESPONDENTS' EXHIBIT "VV"

This exhibit was excerpts from report of the Merced District made to the Reconstruction Finance Corporation in connection with obtaining this loan, and which is set out in Respondents' Exhibit "OO" at page 103. [792]

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## RESPONDENTS' EXHIBIT No. WW

### CHART

This exhibit was a chart showing graphically the facts testified to by the witness Swenson, the chart comparing the landowners' operating cost with the landowners' gain on the one hand and the bondholders' investment with the bondholders' loss, illustrating the landowners' gain by the refinancing at 7.4% of the total operating cost and the bondholders' loss at 55.3% of the total bondholders' investment. [793]



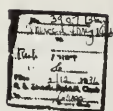
A

B

Land Owner's  
GAIN

7.4%

Bond  
Holder's  
LOSS 55.3%



LANDOWNER'S OPERATING COSTS.

BONDHOLDER'S INVESTMENT



RESPONDENTS' EXHIBIT "XX"

was a report of Irrigation Districts in California from Bulletin 21-a, Division of Water Resources, as follows: [797]



## REPORT ON IRRIGATION DISTRICTS

27

TABLE II. DATA RELATING TO ASSESSED VALUATION AND ASSESSMENT RATE PER ACRE, WATER DIVERTED AND AVERAGE TOLLS PER ACRE-FOOT DIVERTED, AND ESTIMATED AVERAGE COST PER ACRE AND PER ACRE-FOOT DIVERTED FOR LAND IRRIGATED IN 1929

District	Assessed valuation per acre, 1930			Annual assessment per acre (and of usual valuation)		Diverted, 1929		Water		
	Estimated cost to land irrigated, 1929									
	High	Low	Usual	1929	1930	Acre-feet	Acre-feet per acre	Average toll per acre-foot, diverted	Per acre	Per acre-foot, diverted
Albaugh.....	\$60 00	\$40 00	\$50 00	\$6 00	\$5 00	7,600	1.35	\$2 94	\$9 97	\$7 38
Alta.....	60 00	3 00	60 00	1 58	1 43	85,700	1.86	-----	1 58	1 84
Anderson-Cottonwood.....	75 00	20 00	50 00	4 25	4 25	117,313	7.20	-----	4 25	5 59
Banta-Carboma.....	130 00	40 00	150 00	7 50	9 00	37,869	2.69	2 09	13 14	4 88
Bard.....	100 00	100 00	100 00	-----	25	39,375	7.73	59	4 53	5 59
Beaumont.....	100 00	-----	100 00	11 00	9 50	1,591	.83	8 67	17 90	21 57
Big Springs.....	200 00	1 00	200 00	1 40	5 00	9,540	4.11	89	5 08	1 24
Browns Valley.....	15 00	2 00	10 00	-----	-----	15,775	2.26	37	83	3 77
Butte Valley.....	40 00	5 00	40 00	2 60	2 60	1,500	.27	-----	2 60	9 63
Byron-Bethany.....	200 00	20 00	130 00	5 33	5 53	15,970	1.60	2 17	8 80	5 50
Camp Far West.....	150 00	5 00	150 00	4 50	4 73	5,000	2.04	-----	4 50	2 21
Carmichael.....	80 00	80 00	80 00	6 40	7 00	4,175	2.14	1 89	10 44	4 88
Citrus Heights.....	100 00	100 00	100 00	10 00	10 50	3,564	1.25	-----	10 00	8 00
Compton-Delevan.....	75 00	10 00	75 00	3 26	3 08	7,395	6.77	1 03	10 26	1 52
Consolidated.....	100 00	15 00	100 00	2 20	2 20	105,400	.82	-----	2 20	2 68
Corderan.....	100 00	80 00	100 00	2 08	2 08	11,955	.66	1 23	2 90	4 39
Cordusa.....	70 00	30 00	75 00	3 94	3 81	21,840	14.56	27	7 87	5 54
East Contra Costa.....	190 00	125 00	175 00	6 53	6 53	20,539	1.98	3 20	12 86	6 49
El Camino.....	-----	-----	125 00	6 00	6 00	8,600	1.66	-----	6 00	3 61
El Dorado.....	155 00	10 00	75 00	5 60	49	8,100	1.35	6 54	9 43	6 99
Fair Oaks.....	96 00	25 00	90 00	4 27	4 27	4,620	1.81	2 73	9 10	5 03
Fresno.....	100 00	50 00	100 00	2 50	2 50	323,633	1.79	-----	2 50	1 40
Glenn-Colusa.....	44 00	30 00	40 00	2 60	2 60	339,325	8.36	31	5 16	8 62
Grenada.....	200 00	5 00	200 00	13 44	13 44	4,436	2.70	3 54	23 00	8 52
Imperial.....	150 00	5 00	100 00	5 00	5 00	2,807,577	6.62	03	5 20	79
Jacinto.....	-----	-----	60 00	2 85	2 85	14,409	3.47	22	3 62	1 04
James.....	150 00	25 00	150 00	7 05	5 60	36,000	3.09	1 86	12 81	4 15
La Canada.....	1,000 00	1,000 00	1,000 00	17 50	17 50	319	40	73 52	46 82	117 05
Laguna.....	100 00	-----	100 00	1 85	1 75	26,586	1.18	-----	1 85	1 57
Lakeside.....	-----	-----	100 00	4 25	4 25	25	.50	70 52	39 51	79 02







## REPORT ON IRRIGATION DISTRICTS

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Tulare.....	200 00	50 00	100 00	4 50	4 25	1,000	3.54	8 78	4 50	1 27
Turlock.....	150 00	40 00	100 00	18 00	18 98	473,944	1.68	16 31	32 79	19 32
Vandala.....	200 00	200 00	200 00	11 70	11 70	1,852	1.57	2 76	37 24	23 72
Vista.....	175 00	135 00	150 00	10 00	10 00	6,450	1.78		14 93	8 39
Walnut.....	1,000 00	1,000 00	1,000 00			1,626				
Waterford.....	200 00	5 00	120 00	6 55	7 08	23,645	4.48		6 55	1 46
Westside.....	100 00	100 00	100 00	4 50	5 75	20,800	1.84	2 35	8 82	4 79
West Stanislaus.....	55 00	45 00	50 00	1 17	2 00	8,168	2.18	2 09	5 72	2 62
Woodbridge.....	150 00	25 00	100 00	2 00	2 00	34,030	5.50	36	4 00	72
Total diverted.....						6,366,642				



## RESPONDENTS' EXHIBIT "YY"

This exhibit consisted of excerpts from Bulletin No. 34 of Division of Water Resources of the State of California, and which is set out in Respondents' Exhibit "OO" at page 145. [797-A]

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## RESPONDENTS' EXHIBIT "ZZ"

This exhibit was excerpts from Bulletin 21-F of Division of Water Resources of the State of California, as follows: [804]



DATA RELATING TO SOURCE OF SUPPLY, STORAGE AND DISTRIBUTION OF WATER FOR CALIFORNIA IRRIGATION DISTRICTS

TABLE I

Name of District	Source of Water Supply	Wells			District		Reservoirs		Acres-feet Reported Diverted by District, 1934			Distribution of Water Diverted by District		
		District		Pri- vate	In- stalled Horse Power	Aver- aged pump lift Feet	Capacity Acres-feet	Storage Available Season Acres-feet	By Pump	By Gravity	Total	Inside District		Outside District Acres-feet
		Irriga- tion	Drain- age									Irriga- tion Acres-feet	Domestic Acres-feet	
Alameda	Wells	26		26					22,308		22,308	4,816		17,492
Alta	Kings River			2,094	595	75			34,866		34,866	34,866		
Anderson-Cottonwood	Sacramento River				15	12			131,800		131,800	131,800		
Antelope	San Joaquin River				4,350	113			45,493		20,140	22,486		5,119
Arden	Colorado River (part of Tuma project)													
Baxter Creek	Eagle Lake						200,000							
Beaumont	Crests and Wells	10	1	420	184	4			2,285	110	2,395	2,174	221	
Big Springs	Big Springs				325	72			6,392	17,115	17,115	17,115		
Brown Valley	North Fork Tuma River													
Butte Valley	Butte and Antelope Creeks and Wells	5	1	125	40				1,750	150	1,900	1,900		
Byron-Etham	Old River (San Joaquin River)				1,105	70			7,288		7,288	7,288		
Camp Par West	Rear River						5,000		5,000		5,000	5,000		
Carmichael	American River				70	1,708			3,660		3,660	3,660		
Carmichael	American Creek and Wells	2	2	460	350		2,500	711	946		1,708	1,708		
Citrus Heights	American River, North Fork Ditch Company										4,000	4,000		
Compton-Delaware	Sacramento River (from Glenn-Colusa I.R.D.)													
Consolidated	Kings River			3,500	580	71			17,479		17,479	23,215		23,215
Corcoran	Kings River, Peoples Ditch and Wells				5,919				10,000		10,000	5,919		1,705
Crows	Yuba River										3,500	3,500		
Dear Creek	Dear Creek													
East Contra Costa	Old River (San Joaquin River)	3	3	2,600	67				29,441		29,441	22,708		19
El Camino	Wells	30		880	65				3,911		3,911	3,911		
El Dorado	So. Fk. American River and Weber Creek						1,450		13,258		13,258	10,000	3,160	98
El Estero	Wells (and purchased)	3	70	45	1,275				4,696	2,504	7,200	7,000		
Empire West Side	Kings River and Wells													
Falroaks	North Fork Ditch Company								6,880		6,880	6,880		
Fresno	Kings River and Wells	7	2,400		210	40			315,904		315,904	315,904		1,000
Glenn-Colusa	Sacramento River				3,200	63			420,677		420,677	293,000		127,677
Glenn-Colusa	Shasta River								4,711		4,711	4,711		
Grasslands	Flat River and Big Sage Reservoir						76,000	6,400	5,300	5,300	5,300	5,300		
Hot Spring Valley	Colorado River								2,049,954		2,049,954	1,623,601		426,353
Imperial	Kings River													
Inland No. 3	Kings River (and purchased)			175										
Jacinto	Kings River	56		300	7				13,140		13,140	13,028		112
La Canada	Kings, San Joaquin Rivers and Wells	2	1	1,390	800				32,513		32,513	26,147		705
La Canada	Canyons and Wells								400		400	400		
Laguna	Kings River			300										
Lafayette	Kings and Tule Rivers (and purchased)								10,687		10,687	10,687		
La Mesa, L.C. & S.F.	San Diego River, Boulder Cr. and Wells	11		750	390		2,335		4,010		4,010	47	23	
Linden	Wells			200	18,033									
Lindsay-Straubore	Sacramento River and Wells	39		125	1,165	265			12,696		12,696	14,938	156	
Little Rock Creek	Little Rock Creek													
Madera	Sacramento River (from Glenn-Colusa I.R.D.)			1,700					1,600		1,600	1,600		
Marvell	Merced River and Wells													
Merced	Merced River and Wells	80	80	280	2,000	35	289,000	289,000	63,000	276,200	339,200	339,200		2,672



TABLE 1

DATA RELATIVE TO SOURCE OF SUPPLY, STORAGE AND DISTRIBUTION OF WATER FOR CALIFORNIA IRRIGATION DISTRICTS (Continued)

Name of District	Source of Water Supply	Wells			District	Reservoir		Acre-feet Reported Diverted by Districts, 1934			Distribution of Water Diverted by Districts			
		District		Pri- vate		In- stalled Horse Power	Av- er- age Pump Feet	Capacity for Season Acre-feet	Storage Available for Season Acre-feet	By Pump	By Gravity	Total	Inside District	
		Irriga- tion	Drain- age		Domestic Acre-feet								Total Acre-feet	
Modesto	Tuolumne River and Wells	67	67	130	985	31	119,466	119,466	39,173	237,291	276,464	276,464	---	276,464
Modesto	Snake River	---	---	---	---	---	70,000	5,000	5,000	7,800	7,800	1,500	---	3,500
Modesto	Old River (San Joaquin River)	---	---	---	---	---	85,000	---	1,800	129,623	129,623	38,227	2,940	15,683
Modesto	Truba River	---	---	---	---	---	---	---	1,025	---	1,025	---	---	1,025
Report Heights	Wells	2	2	130	65	---	---	---	500	---	500	---	---	500
Report Mesa	Wells	1	1	---	---	---	56,250	50,000	734	152,633	153,371	151,826	592	152,418
Report Mesa	Stanislaus River	---	---	---	---	---	22,008	6,300	22,008	---	22,008	---	---	22,008
Report Mesa	Feather River	---	---	---	---	---	2,120	2,240	1,964	120	2,240	120	---	156
Report Mesa	Little Rock Creek and Wells	---	---	---	---	---	9,000	---	195,044	195,044	195,044	---	---	195,044
Report Mesa	Colorado River	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Wells	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Little Butte Creek	---	---	---	---	---	3,120	3,120	3,450	3,450	3,450	---	---	3,450
Report Mesa	El River (from P.O.A. E. Company)	---	---	---	---	---	---	---	2,707	2,707	---	---	---	2,707
Report Mesa	Sacramento E. (and purchased from O.C.I.D.)	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Sacramento E. (and purchased from O.C.I.D.)	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Wells	13	13	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Feather River	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Kings River	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Wells	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Lake Rodgers Reservoir (water purchased)	---	---	---	---	---	37,500	---	446	1,484	2,310	200	---	2,310
Report Mesa	Lake Rodgers Reservoir (water purchased)	---	---	---	---	---	---	---	---	1,568	3,450	3,370	---	3,490
Report Mesa	Wells	5	5	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Wells	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Scott River	---	---	---	---	---	---	---	---	9,000	9,000	---	---	9,000
Report Mesa	Santiago Creek and Wells	---	---	---	---	---	2,500	---	1,459	1,459	---	---	---	1,459
Report Mesa	Wells	3	3	---	---	---	87,000	---	1,820	214,000	199,000	---	---	15,000
Report Mesa	Stanislaus River	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Kings River and Wells	23	23	---	---	---	---	---	18,360	---	12,900	---	---	12,900
Report Mesa	Feather River	---	---	---	---	---	4,510	4,510	4,000	4,000	4,000	---	---	4,000
Report Mesa	Wells	31	31	---	---	---	3,680	3,680	5,695	5,695	5,695	---	---	5,695
Report Mesa	Feather River	---	---	---	---	---	---	---	5,061	5,061	---	---	---	5,061
Report Mesa	Old River (San Joaquin River)	---	---	---	---	---	---	---	1,590	1,590	1,590	---	---	1,590
Report Mesa	San Joaquin River	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Tranquillity	10	10	---	---	---	---	---	13,360	---	13,360	40	---	13,360
Report Mesa	Wells	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Kaweah River and Private Wells	---	---	---	---	---	230,000	230,000	107,975	197,116	605,091	605,091	---	605,091
Report Mesa	Tuolumne River and Wells	103	103	---	---	---	---	---	1,667	1,667	1,667	---	---	1,667
Report Mesa	Tule River and Wells	13	13	---	---	---	---	---	1,667	1,667	1,667	---	---	1,667
Report Mesa	Lake Tenaha (water purchased)	---	---	---	---	---	---	---	7,353	7,353	5,492	428	---	18
Report Mesa	San Gabriel River and Wells	3	3	---	---	---	---	---	1,800	---	2,000	---	---	2,000
Report Mesa	Wells	---	---	---	---	---	---	---	---	---	---	---	---	---
Report Mesa	Tuolumne River	---	---	---	---	---	---	---	23,498	23,498	23,498	---	---	23,498
Report Mesa	San Joaquin River	---	---	---	---	---	---	---	18,294	18,294	12,907	---	---	12,907
Report Mesa	West Stanislaus	---	---	---	---	---	---	---	54,499	54,499	43,028	---	---	947
Report Mesa	Woodbridge	---	---	---	---	---	---	---	92,960	92,960	92,960	---	---	92,960
Totals	---	323	295	576	11,796	37,051	1,514,333	846,351	4,601,602	5,624,295	4,933,696	8,713	4,960,409	618,829
Summa Vista W.S.D.	Kern River	---	---	---	---	---	809,000	---	14,450	14,450	---	---	---	14,450







TABLE II  
CALIFORNIA IRRIGATION DISTRICT CROP REPORT FOR 1934 (Continued)

Name of District	Gross Area, Acres	Irrig-able Area, Acres	Area Held by Dist-ricts under Tax Bond, Acres	Estimated Number of Holdings			Kind and Acreage of Crops Reported										Area Cropped		
				Farm Land	Town Lots	Total	Alfalfa	Cotton	Rice	Grain and/or Hay	Other Field and Fruit	Vine	Decid-uous Fruit, Berry, and Nut	Citrus	Avocado	Ret-ergr-ated Acres	Dry Farmed Acres	Irrig-ated Acres	Total Area Reported Cropped
Modesto	81,203	77,118	472	2,663	3,110	5,773	16,936	---	1,096	15,487	9,940	8,991	10,043	---	---	9,270	5,488	65,815	71,303
Modesto	25,495	18,000	10,438	100	200	300	500	---	---	5,000	---	---	---	---	---	---	5,000	5,000	5,000
Naglesburg	2,872	2,846	452	39	---	39	766	---	---	695	633	8	4	---	---	40	---	2,366	2,366
Nevada	206,211	164,000	9,348	1,685	---	1,685	---	---	---	---	---	---	---	---	---	---	---	9,000	9,000
Report Heights	1,503	1,503	---	131	1,322	1,473	20	---	---	80	465	2	35	40	---	140	63	100	183
Report West	694	---	---	---	---	216	---	---	---	---	---	---	---	---	---	---	---	---	---
Oakdale	73,450	64,000	10,623	1,596	1,406	3,002	3,040	248	2,216	17,766	2,579	2,805	5,322	1,000	---	7,507	17,749	23,094	40,843
Oroville-Findlay	24,300	22,200	1,434	154	90	244	---	---	---	---	---	---	---	---	---	---	---	2,100	2,100
Palmdale	4,746	4,698	3,149	465	138	603	217	---	---	---	---	8	19	368	---	---	---	21,495	21,495
Palo Verde	85,693	70,000	---	---	---	660	7,920	10,779	1,899	1,495	---	---	---	---	---	---	---	---	---
Paradise	11,260	9,536	3,369	600	100	700	---	---	---	---	---	---	---	---	---	---	---	---	---
Potter Valley	5,042	4,195	---	105	---	105	---	---	---	---	---	---	---	---	---	---	---	---	---
Princeton-Godwin-Olsen	13,523	12,200	424	179	---	179	778	---	6,634	---	460	---	1,220	---	---	1,700	3,000	2,900	2,900
Princeton	22,895	21,000	13,240	118	---	118	---	---	6,393	---	---	---	---	---	---	---	---	6,393	6,393
Rancho	860	594	---	---	215	215	---	---	---	---	---	---	---	---	---	---	---	---	---
Richvale	18,020	16,900	---	94	133	227	---	---	7,416	---	---	---	---	---	---	---	---	---	---
Riverdale	15,830	14,800	904	168	---	168	500	---	---	1,000	---	---	---	---	---	---	---	---	---
San Diego	10,106	8,980	---	666	894	1,560	---	---	---	---	365	---	---	---	---	---	---	---	---
San Felipe	---	6,800	---	340	440	780	---	---	---	---	300	---	---	---	---	---	---	---	---
San Felipe	---	490	---	---	---	34	---	---	---	---	---	---	---	---	---	---	---	---	---
Scott Valley	5,131	4,600	---	26	---	26	1,500	---	---	1,000	---	---	---	---	---	---	---	---	---
Serrano	1,498	1,319	---	140	---	140	---	---	---	---	---	---	---	---	---	---	---	---	---
South Montebello	71,627	66,465	---	1,903	906	2,809	17,953	---	---	12,023	4,913	9,556	3,874	---	---	14,993	12,129	53,841	66,970
South San Joaquin	9,421	9,000	9,048	---	---	5	100	1,300	---	2,600	300	---	---	---	---	---	---	4,300	4,300
Table Mountain	1,995	1,780	---	19	---	19	65	---	320	---	---	---	---	---	---	---	---	385	385
Terra Bella	12,285	12,070	---	530	95	625	---	---	150	---	345	---	---	---	---	---	---	500	500
Thermalito	3,110	2,940	369	155	295	450	---	---	---	---	---	---	---	---	---	---	---	1,000	1,000
Tracy-Clover	1,034	1,000	154	78	---	78	249	---	---	---	---	---	---	---	---	---	---	---	---
Tranquillity	10,150	10,190	---	115	65	200	---	---	---	---	---	---	---	---	---	---	---	---	---
Tulare	34,000	30,500	---	945	43	588	---	---	---	---	---	---	---	---	---	---	---	---	---
Yale	181,556	179,278	---	5,000	2,500	7,500	39,965	---	567	---	---	---	---	---	---	---	---	---	---
Yale	1,275	1,253	67	42	---	42	---	---	---	---	---	---	---	---	---	---	---	---	---
Yale	18,350	14,654	---	70	---	1,559	25	---	---	---	---	---	---	---	---	---	---	---	---
Yale	311	311	---	---	---	70	---	---	---	---	---	---	---	---	---	---	---	---	---
Waterford	14,110	11,484	1,465	242	76	318	1,229	---	---	---	---	---	---	---	---	---	---	---	---
West Side	11,820	11,811	148	117	293	410	3,375	---	---	---	---	---	---	---	---	---	---	---	---
West Stanislaus	21,826	21,500	---	110	14	124	---	---	---	---	---	---	---	---	---	---	---	---	---
Woodbridge	14,290	14,000	---	159	---	159	1,150	---	---	---	---	---	---	---	---	---	---	---	---
Totals	2,207,239	2,063,412	210,465	53,351	34,821	92,927	350,660	39,180	37,980	188,569	231,765	101,564	89,878	33,786	6,445	243,478	156,443	1,339,817	1,544,360
Buena Vista Water S.D.	72,283	46,424	---	95	35	130	---	---	---	---	---	---	---	---	---	---	---	9,200	13,955



TABLE V

YEAR FORMED, AREA, AND BONDS OUTSTANDING IN CALIFORNIA IRRIGATION DISTRICTS  
January 1, 1935

Irrigation District	Year Formed	Estimated Area		Bonds Outstanding Total	Bonds Outstanding Per Acre	
		Gross Acres	Irrigable Acres		Gross Area	Irrigable Area
Alpaugh -----	1915	8,133	8,132	\$ 207,710	\$ 25.60	\$ 25.60
Alta -----	1888	129,300	110,000	132,500	1.02	1.20
Anderson-Cottonwood -----	1914	32,000	28,064	1,141,000	35.66	40.66
Banta-Carboma -----	1921	15,600	15,194	1,137,060	72.64	74.84
Bard -----	1927	6,004	6,004	None	None	None
Barter Creek -----	1917	9,336	8,636	511,000	54.53	59.17
Beaumont -----	1919	4,141	3,161	205,100	49.52	64.88
Big Springs -----	1927	3,567	2,500	59,000	16.54	23.60
Big Valley -----	1925	12,430	12,000	None	None	None
Browns Valley -----	1888	40,000	11,700	None	None	None
Butte Valley -----	1920	29,400	17,500	594,000	20.00	33.94
Byron-Bethany -----	1919	17,600	12,544	569,000	33.00	45.32
Camp Far West -----	1924	4,086	2,658	179,000	43.78	67.34
Carraichael -----	1916	3,138	3,038	84,100	26.46	27.35
Carpenter -----	1927	1,328	1,320	196,000	147.58	148.48
Citrus Heights -----	1920	3,167	3,079	152,010	48.00	50.00
Compton-Delevan -----	1920	12,652	11,500	384,000	30.35	33.39
Consolidated -----	1921	149,047	145,757	None	None	None
Corcoran -----	1919	51,606	51,000	733,000	14.19	14.40
Cordua -----	1919	5,992	5,300	106,725	17.81	20.13
Deer Creek -----	1926	2,186	2,000	10,000	4.57	5.00
East Contra Costa -----	1926	20,200	19,760	1,153,000	57.00	58.50
El Camino -----	1921	7,546	7,546	423,000	56.03	56.03
El Dorado -----	1925	30,702	19,905	688,000	22.40	34.56
El Nido -----	1929	9,330	7,405	120,000	12.86	16.10
Empire West Side -----	1931	6,460	6,400	None	None	None
Fair Oaks -----	1917	3,800	3,400	84,000	22.10	24.70
Fallbrook -----	1925	9,015	9,000	None	None	None
Fresno -----	1920	241,300	239,080	None	None	None
Glenn-Colusa -----	1920	122,423	110,111	1,391,150	11.37	12.63
Grenada -----	1921	2,163	1,800	136,000	63.30	68.00
Hollister -----	1923	25,000	24,500	None	None	None
Hot Spring Valley -----	1919	9,533	9,000	83,500	8.75	9.30
Imperial -----	1911	612,200	521,600	14,290,000	23.29	27.60
Island No. 3 -----	1921	4,620	4,120	None	None	None
Jacinto -----	1917	11,732	11,496	157,000	13.38	13.66
James -----	1920	26,642	18,266	999,000	37.35	54.47
La Canada -----	1924	1,296	1,239	328,000	253.48	264.73
Laguna -----	1920	34,858	30,000	None	None	None
Lakeside -----	1924	320	288	33,000	103.12	114.58
Lakeland -----	1923	23,283	23,000	None	None	None
La Mesa, L. G. and S. V. -----	1913	19,052	13,000	1,658,768	82.04	127.60
Linden -----	1929	13,700	13,500	None	None	None
Lindsay-Strathmore -----	1915	15,246	14,540	1,427,000	93.66	98.21
Little Rock Creek -----	1892	3,073	2,877	360,000	117.50	125.13
Lucerne -----	1925	33,407	33,000	None	None	None
Madera -----	1920	173,000	170,000	None	None	None



TABLE V

YEAR FORMED, AREA, AND BONDS OUTSTANDING IN CALIFORNIA IRRIGATION DISTRICTS (Continued)  
January 1, 1935

Irrigation District	Year Formed	Estimated Area		Bonds Outstanding Total	Bonds Outstanding Per Acre	
		Gross Acres	Irrigable Acres		Gross Area	Irrigable Area
Merced -----	1919	190,000	170,000	\$16,191,000	\$ 85.21	\$ 95.24
Modesto -----	1887	81,203	77,118	3,715,104	45.75	48.17
Mojave River -----	1917	27,665	27,000	None	None	None
Montague -----	1925	25,495	18,000	1,395,000	54.70	77.50
Maglee-Burk -----	1920	2,871	2,846	186,000	64.79	65.35
Nevada -----	1921	266,000	164,000	8,087,000	30.36	49.25
Newport Heights -----	1918	1,503	1,503	160,000	106.45	106.45
Newport Mesa -----	1918	694	400	50,000	72.05	125.00
Oakdale -----	1909	73,450	64,000	2,233,242	30.26	34.90
Oroville-Wyandotte -----	1919	24,200	22,300	1,095,000	45.22	52.34
Owens Valley -----	1922	53,990	None	471,500	8.70	None
Palmdale -----	1918	4,756	4,698	222,500	46.78	47.36
Palo Verde -----	1923	88,693	70,000	4,174,330	47.06	59.60
Paradise -----	1916	11,260	9,836	476,000	42.27	48.39
Potter Valley -----	1924	5,042	4,195	87,000	17.25	20.70
Princeton-Codora-Glenn -----	1916	13,522	12,290	164,500	12.16	13.00
Provident -----	1918	22,805	21,000	966,000	42.30	46.00
Ramona -----	1925	660	594	91,000	137.88	153.20
Richvale -----	1930	18,020	16,900	515,000	28.60	30.00
Riverdale -----	1920	15,830	14,800	None	None	None
San Diegoito -----	1922	4,000	3,700	366,000	91.50	99.00
Santa Fe -----	1923	10,106	6,980	684,000	67.68	98.00
San Ysidro -----	1911	532	490	23,200	43.60	47.24
Scott Valley -----	1917	5,131	4,600	67,000	13.05	14.56
Serrano -----	1927	1,498	1,319	196,000	130.84	148.60
South Fork -----	1934	12,946	12,000	None	None	None
South Montebello -----	1922	827	827	63,000	76.18	76.18
South San Joaquin -----	1909	71,112	66,465	5,806,250	81.64	87.36
Stinson -----	1921	9,421	9,000	360,000	38.21	40.00
Stratford -----	1916	12,946	12,000	None	None	None
Table Mountain -----	1922	1,955	1,780	187,000	95.65	105.06
Terra Bella -----	1915	12,000	12,000	459,250	38.27	38.27
Thermalito -----	1922	3,100	2,940	320,000	102.89	108.84
Tracy-Clover -----	1922	1,034	1,000	52,170	50.45	52.17
Tranquillity -----	1918	10,750	10,190	237,000	21.12	23.25
Tulare -----	1889	34,000	30,600	None	None	None
Tule -----	1920	15,015	9,795	806,000	53.68	82.29
Turlock -----	1887	181,556	179,278	6,222,460	34.27	34.70
Vandalia -----	1923	1,275	1,253	172,200	135.00	137.43
Vista -----	1923	18,330	14,654	1,700,000	92.70	116.01
Walnut -----	1893	911	900	None	None	None
Waterford -----	1913	14,110	11,424	631,925	54.78	55.31
West Side -----	1915	11,820	11,800	510,500	43.10	43.20
West Stanislaus -----	1920	21,826	21,500	1,160,000	53.10	53.95
Williams -----	1920	9,009	8,000	565,000	62.72	70.63
Woodbridge -----	1924	14,290	14,000	280,000	19.59	20.00
Totals -----		3,407,773	2,925,895	90,877,754		
Buena Vista Water Storage D. -----	1928	72,283	46,824	942,731	12.94	21.33



## RESPONDENTS' EXHIBIT "AAA"

was extracts from soil survey by the U. S. Department of Agriculture of the Lower San Joaquin Valley, California, as follows:

Madera Loams.—Utilization,—p. 72.

These soils are largely utilized for farming and rank among the best soils of the survey. In some cases they are still held in large tracts and used for grain growing and pasture. Yields of grain are good in favorable years. The land is fallowed in alternate years. The deep areas give moderate yields of fruit and other special crops without irrigation in years of abundant rainfall, but irrigation is necessary for continued good results. Irrigation, the water being supplied both by canals and by pumping from under-ground sources, has made large areas suitable for fruits, truck crops, nuts, alfalfa, and other intensive crops. The addition of organic matter materially increases yields and improves the moisture-retaining capacity of the soils.

Madera Clay Loams and Clays.—Utilization.—p. 74.

The Madera clay loam and silty clay loam, where free from alkali, are the best farming soils of the group.

Oakley and Fresno Sands, Undifferentiated.—

Utilization.—pp. 140, 141.

The soils of this group rank among the most important of the survey for intensive crops, and are highly developed where favorably located and

where water is available for irrigation. Non-saccharine sorghums, peaches, grapes, beans, melons, sunflowers, and a few minor crops are grown successfully without irrigation; but most crops give best returns with irrigation. The soils are capable of growing a wide range of cover crops, and respond readily to the incorporation of organic matter. On account of a lack of irrigation water extensive areas are still utilized for pasture or grain and hay production. The soils warm rapidly and mature crops early in the season. Water-melons, cantaloupes, casabas, and some Persian melons are grown. Heavy yields are obtained and the products are of high quality. Hoed crops are successfully grown in orchards until the trees come into bearing. Tomatoes, beans, and corn are favorite crops for this purpose. Sweet potatoes yield well where given good care.

The price of land varies greatly, depending on location, degree of development, uniformity of surface, and availability of water. It is seldom less than \$100 an acre or, where irrigated, \$150 an acre.

Oakley and Madera Sands, Undifferentiated.—

Utilization.—p. 143.

Large areas are now devoted to intensive crops such as peaches, grapes (Pl. III, fig. 1), figs, sweet potatoes (Pl. III, fig. 2), truck crops, and almonds, some of which yield well without irrigation. Alfalfa does well with irrigation, the fields lasting for several years before reseeding is necessary. The land

is irrigated by gravity from the Merced River, and considerable areas are watered by pumping from underground supplies. [805]

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The foregoing Condensed Statement in Narrative Form of the Testimony and the Appendix thereto and the incorporation of Respondents' Exhibit "OO" and Petitioner's Exhibit No. 35, having been filed simultaneously, is hereby settled as being true and complete and is hereby approved and;

It Is Further Ordered that said originals of said Respondents' Exhibit "OO" and said Petitioner's Exhibit No. 35 be transferred to the Circuit Court of Appeals for the Ninth Circuit by the Clerk of this Court to be used upon the appeals herein and that the same be transported to the Circuit Court of Appeals by United States mail; and

It Is Further Ordered that the foregoing Condensed Statement in Narrative Form of the Testimony and the Appendix be likewise sent to the Circuit Court of Appeals for the Ninth Circuit as a portion of the record on appeal all subject to such orders as may be made in the Circuit Court of Appeals for the Ninth Circuit relating to the printing of the same or portions thereof and such orders as may be made in that Court.

Dated: July 13, 1939.

PAUL J. McCORMICK,  
United States District Judge. [806]

## STIPULATION

It is stipulated between Appellee, Merced Irrigation District, and the Appellants that this Appendix together with Respondents' Exhibit "OO" and Petitioner's Exhibit No. 35 contain a fair and true statement of the contents of all documentary evidence and exhibits introduced at the hearing herein except as herein otherwise shown; and that certain exhibits of the petitioner and of the respondents, which are hereinabove described and which were introduced in evidence at the hearing independently of Respondents' Exhibit "O" or "OO", are set forth in full or substantially in full in the Transcript of Record filed in the Supreme Court of the United States in the case of Merced Irrigation District, et al., vs. Reed J. Beekins, et al., and which case was Case No. 8165 in the Ninth Circuit Court of Appeals, and which said Transcript of Record is Respondents' Exhibit "O" for identification, introduced as Respondents' "OO" in this case; that said Respondents' [807] Exhibit "OO" shall be a part of the record on the appeals herein and that petitioner's and respondents' exhibits hereinabove mentioned shall be also a part of the record on the appeals herein as set forth in the said Respondents' Exhibit "OO". which exhibit is in the appendix and in the Condensed Statement in Narrative Form of the Testimony referred to as Respondents' Exhibit "OO". and that said petitioner's and respondents' exhibits which are set forth

therein are identified by page number in said Respondents' Exhibit "OO" as herein appears; further, that the original exhibit of Respondents' Exhibit "OO" may be transferred from the District Court to the Circuit Court of Appeals to become part of the record on appeal herein, and that the appellants will furnish several additional copies thereof for filing in said Circuit Court of Appeals in lieu of printing the same, if permitted by the Circuit Court of Appeals; further, that Petitioner's Exhibit No. 35, the so-called "Benedict Report", may be likewise transferred to the Circuit Court of Appeals and in lieu of printing the same the respondents may furnish additional printed copies, if permitted by the Circuit Court of Appeals; that the Condensed Statement in Narrative Form of the Testimony, and the Appendix, together with the two said exhibits, Respondents' Exhibit "OO" and Petitioner's Exhibit No. 35, constitute a full, true and complete record of the oral and documentary evidence introduced at the hearing herein.

It is further stipulated that the Appellee, Merced Irrigation District, expressly reserves the right to urge in the United States Circuit Court of Appeals, and in all other courts, that the United States Circuit Court of Appeals has not acquired jurisdiction of the appeal herein.

It is further stipulated that the Condensed Statement in Narrative Form of the Testimony and this Appendix, and by reference the incorporation of

Respondents' Exhibit "OO" and Petitioner's Exhibit No. 35 may be approved by the court as, and the parties [808] stipulate that they constitute a full, true and correct statement of the oral and documentary evidence introduced at the hearing herein upon the petition for confirmation of petitioner's plan of composition and to determine the status of the Reconstruction Finance Corporation as a creditor affected by the plan, showing also the proceedings had upon said hearing.

Dated: June 30, 1939.

C. RAY ROBINSON  
HUGH K. LANDRAM  
DOWNEY, BRAND &  
SEYMOUR  
STEPHEN W. DOWNEY

Attorneys for Merced Irriga-  
tion District, Appellee.

CHAS. L. CHILDERS  
HUGH K. McKEVITT  
CLARK, NICHOLS & ELTSE  
CHASE, BARNES & CHASE  
DAVID FREIDENRICH  
PETER TUM SUDEN  
BROBECK, PHLEGER &  
HARRISON

W. COBURN COOK

By W. COBURN COOK

Attorneys for Appellants.

[Endorsed]: Foregoing Statement and Appendix  
Filed Jul. 13, 1939. [809]

[Endorsed]: No. 9242. United States Circuit Court of Appeals for the Ninth Circuit. West Coast Life Insurance Company, a corporation, Pacific National Bank of San Francisco, a national banking association, et al., Appellants, vs. Merced Irrigation District and Reconstruction Finance Corporation, Appellees. Transcript of Record. Upon Appeal from the District Court of the United States for the Southern District of California, Northern Division.

Filed, July 26, 1939.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.

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In The United States Circuit Court of Appeals  
for the Ninth Circuit.

No. 4818 In Bankruptcy

No. 9242

In the Matter of

MERCED IRRIGATION DISTRICT,

Debtor.

### STIPULATION FOR RECORD ON APPEAL

It is stipulated between appellants and Merced Irrigation District, appellee, that the record on appeal in this cause shall consist of the following:

1. The original petition of the above named

debtor for the confirmation of a plan of composition, except Exhibit C and D, and in lieu of Exhibit C and D, stipulation dated May 29, 1939 with reference thereto.

2. Stipulation relating to order approving petition and notice of hearing dated May 12, 1939.

3. Answer of Mary E. Morris.

4. Answer of West Coast Life Insurance Company.

5. Answer of Milo W. Bekins, et al.

6. Stipulation relating to answer of Florence Moore, et al.

7. Proof of claim of Reconstruction Finance Corporation.

8. Proof of claim of appellants West Coast Life Insurance Company, Mary E. Morris, R. D. Crowell, and Belle Crowell.

9. Stipulation (relating to inclusion of claims in answers).

10. All orders made upon motions made in the above entitled cause and all exceptions to any and all such orders.

11. Stipulation and order (relating to F.F.G. Harper and W. S. Jewell).

12. All other stipulations made and filed.

13. Notice to Reconstruction Finance Corporation.

14. Order extending time to file objections.

15. Proposed modification of plan.

16. Conclusions of the court.

17. Findings made by the court.
18. Minute Order of January 10, 1939.
19. Objections to proposed findings of fact and conclusions of law.
20. Respondents' proposed additional findings to petitioner's findings of fact and conclusions of law.
21. Interlocutory Decree or Judgment made in said cause concerning the petitioner's plan.
22. Notice of entry of judgment or decree.
23. Notice of motion for new trial and order thereon.
24. Motion for new trial.
25. Affidavits in support of motion for new trial by Lucius F. Chase, N. Walter Strange, and John V. Murphey.
26. Affidavits in opposition to motion for new trial by E. Charles Lombard, H. P. Sargent, and E. E. Neel.
27. Petition for and order allowing appeal and fixing bond.
28. Assignment of errors.
29. Bond on appeal.
30. Citation on appeal with proof of service thereof.
31. Notice of appeal to the Circuit Court of Appeals under rule 73(a), with clerk's docket entry showing service thereof.
32. Order fixing bond on appeal.
33. Praecipe for transcript.
34. Appellee's praecipe for transcript.

35. Designation of the contents of record on appeal.

36. Statement of points.

37. Stipulations and orders extending time to docket appeal.

38. Condensed statement in narrative form of the testimony and stipulation relating thereto.

39. Appendix to condensed statement in narrative form of the testimony with stipulation and order of the court relating thereto.

40. Order denying motion for new trial.

41. All minute orders.

42. Certified copy of Resolution of Board of Directors of Merced Irrigation District Consenting to the Plan of Composition; certified copy of Resolution of Intention to Adopt Resolution; Affidavit of Publication of Notice of Intention of Board of Directors of Merced Irrigation District to Adopt Resolution; and Affidavit of Posting Notice of Intention of Board of Directors of Merced Irrigation District to Adopt Resolution, filed herein February 13, 1939.

43. Proposed findings of fact and conclusions of law.

44. Exhibits numbered Respondents' Exhibit "OO" and Petitioner's Exhibit 35.

45. Clerk's certificate of record.

46. This stipulation.

It is further stipulated that the Appellee, Merced Irrigation District, expressly reserves the right to urge in the United States Circuit Court of Appeals,

and in all other courts, that the United States Circuit Court of Appeals has not acquired jurisdiction of the appeal herein.

C. RAY ROBINSON

HUGH K. LANDRAM

DOWNEY, BRAND &

SEYMOUR

STEPHEN W. DOWNEY,

Attorneys for Merced Irriga-  
tion District, Appellee.

CHAS. L. CHILDERS

HUGH K. McKEVITT

CLARK, NICHOLS & ELTSE

CHASE, BARNES & CHASE

DAVID FREIDENRICH

PETER TUM SUDEN

BROBECK, PHLEGER &

HARRISON

W. COBURN COOK

By W. COBURN COOK,

Attorneys for Appellants.

[Endorsed]: Re-filed July 26, 1939.

In The United States Circuit Court of Appeals  
for the Ninth Circuit.

No. 9242

No. 4818 In Bankruptcy

In the Matter of

MERCED IRRIGATION DISTRICT,

Debtor.

#### DESIGNATION OF RECORD FOR PRINTING

The appellants designate the following as those parts of the record as necessary for the consideration of the points upon which the appellants intend to rely in this appeal and for printing, to-wit:

All those parts of the transcript for record on appeal mentioned in the "Stipulation for Record on Appeal" herein, and also the said stipulation, and also stipulations and orders relating to extensions of time to docket the appeal, and also Financial Statement of 1931, omitted from Respondents' Exhibit "X", provided however that Respondents' Exhibit "OO" and Petitioner's Exhibit 35 shall not be printed, but the same are necessary for consideration of the points upon which the appellants intend to rely in this appeal. Provided further that such parts of minute orders as may be hereafter designated by stipulation shall likewise be omitted.

Dated : July 21, 1939.

CHAS. L. CHILDERS  
HUGH K. McKEVITT  
CLARK, NICHOLS & ELTSE  
CHASE, BARNES & CHASE  
DAVID FREIDENRICH  
PETER TUM SUDEN  
BROBECK, PHLEGER &  
HARRISON

W. COBURN COOK

By W. COBURN COOK,  
Attorney for Appellants.

---

[Title of Circuit Court of Appeals and Cause.]

STATEMENT OF POINTS RELIED UPON  
ON APPEAL.

The appellants state that they intend to rely upon the points mentioned in the Statement of Points and Assignment of Errors in the record herein, on the appeal herein.

Dated: July 21, 1939.

CHAS. L. CHILDERS  
HUGH K. McKEVITT  
CLARK, NICHOLS & ELTSE  
CHASE, BARNES & CHASE  
DAVID FREIDENRICH  
PETER TUM SUDEN  
BROBECK, PHLEGER &  
HARRISON

W. COBURN COOK

By W. COBURN COOK,  
Attorneys for Appellants.

[Title of Circuit Court of Appeals and Cause.]

**AFFIDAVIT OF SERVICE BY MAIL**

State of California,

County of Stanislaus—ss.

J. Alfred Swenson, being first duly sworn, says:

That he is a citizen of the United States, residing in the City of Turlock, California, in the County of Stanislaus, where the mailing hereafter referred to took place; that he is over the age of eighteen years and not a party to the above entitled cause; that on the 22nd day of July, 1939, he deposited in the United States Post Office at Turlock, California, a true copy of the Designation of Record for Printing and Statement of Points relied upon on Appeal, the original of which are hereunto affixed, enclosed in a sealed envelope with postage thereon fully prepaid and addressed to: C. Ray Robinson, and Hugh K. Landram, Attorneys at Law, Bank of America Bldg., Merced, California; and another to Downey, Brand & Seymour, Attorneys at Law, Capital National Bank Bldg., Sacramento, California, and another to Reconstruction Finance Corporation, Washington, D. C.; that there is a regular daily communication by mail between the place of mailing and the place so addressed.

**J. ALFRED SWENSON**

Subscribed and sworn to before me this 22nd day of July, 1939.

[Seal]

**GILBERT MOODY,**

Notary Public in and for the County of Stanislaus,  
State of California.

[Endorsed]: Re-filed July 26, 1939. Paul P. O'Brien, Clerk.

[Title of Circuit Court of Appeals and Cause.]

AFFIDAVIT

State of California,  
County of Stanislaus—ss.

W. Coburn Cook, being first duly sworn, says:

That he is one of counsel for the appellants in this cause; that he has had charge of the preparation of the record on appeal and that the record on appeal is now substantially completed and will be ready for docketing in this court in a very few days; that there has been prepared a condensed statement in narrative form of the testimony which embraces all of the oral testimony. There has also been prepared an appendix thereto in which is set forth in full or in summarized form, the documentary evidence introduced at the hearing. It is proposed to print the appendix in a separate volume, and it is desirable and would be convenient for the court if the printer be permitted to insert in the condensed statement the page numbers at which the exhibits in the appendix appear in their printed form. An application is therefore made for an order permitting this to be done.

W. COBURN COOK.

Subscribed and sworn to before me this 8th day  
of July, 1939.

[Seal]

J. ALFRED SWENSON,

Notary Public in and for the County of Stanislaus,  
State of California.

[Title of Circuit Court of Appeals and Cause.]

ORDER

Good cause appearing therefor It Is Ordered that upon the appeal in this cause the Clerk of this court cause the printer printing the record on appeal to enter in that part of the printed record which contains the condensed statement in narrative form of the testimony page references to the page in the printed appendix to condensed statement in narrative form of the testimony at which the various exhibits appear in such appendix, and further that the said appendix may be printed in a separate volume.

Dated:

FRANCIS A. GARRECHT,  
Judge, United States Circuit  
Court of Appeals.

[Endorsed]: Re-filed July 26, 1939. Paul P. O'Brien, Clerk.

At a Stated Term, to wit: The October Term A. D. 193....., of the United States Circuit Court of Appeals for the Ninth Circuit, held in the Court Room thereof, in the City and County of San Francisco, in the State of California, on Monday the thirty-first day of July in the year of our Lord one thousand nine hundred and thirty-nine.

Present:

Honorable William Denman, Circuit Judge, Presiding,

Honorable Clifton Mathews, Circuit Judge,

Honorable William Healy, Circuit Judge.

[Title of Circuit Court of Appeals and Cause.]

#### ORDER RE PRINTING

Upon stipulation of the parties appearing in the certified transcript of record herein and oral application of W. Coburn Cook, counsel for appellants, and good cause therefor appearing, It Is Ordered that upon the filing of four copies of respondent's exhibit "OO" and ten copies of petitioner's exhibit 35, printing therefor for the purpose of consideration of the appeal herein may be omitted and the same may be considered as part of the record on appeal herein the same as though they had been printed.